

anything stated in the preceding sentences to the contrary, Compensation shall be determined after any deferral thereof pursuant to the American Electric Power System Stock Ownership Requirement Plan, as amended, or pursuant to a pay reduction agreement under the American Electric Power System Incentive Compensation Deferral Plan, as amended.

2. Section 5.1(b)(1)(C) (setting forth certain distribution options for the amount credited to a Participant's Active SRSP Account) is hereby amended by adding thereto to clauses (iii) and (iv), such that it shall read as follows effective for distribution elections or changes to distribution elections made on or after such date as the Committee shall designate:

- (C) In ten (10) annual installments commencing
 - (i) as of the First Date Available; or
 - (ii) as of the Next Date Available; or
 - (iii) as of the fifth anniversary of the First Date Available; or
 - (iv) as of the fifth anniversary of the Next Date Available.

3. In all other respects, the terms of the Plan are ratified and confirmed.

IN WITNESS WHEREOF, this Amendment has been executed this 30th day of December, 2019.

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: /s/ Tracy A. Elich
Tracy A. Elich, Vice President - Human Resources

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Section 4: EX-10.E (AEP SYSTEM EXCESS BENEFIT PLAN, AMENDED)

Exhibit 10(e)

AMERICAN ELECTRIC POWER SYSTEM EXCESS BENEFIT PLAN

(As Amended and Restated as of January 1, 2020)

ARTICLE I

Purposes and Effective Date

1.1 Purpose. The American Electric Power System Excess Benefit Plan is maintained to provide Supplemental Retirement Benefits for eligible employees whose retirement benefits from the Retirement Plan (as

defined below) are restricted due to limitations imposed by provisions of the Internal Revenue Code or who are entitled to Supplemental Retirement Benefits under the terms of an employment agreement between the eligible employee and an Associated Company.

1.2 Effective Date. The original effective date of this Plan was January 1, 1990, and the effective date of the changes made by this amended and restated Plan document is January 1, 2020, unless otherwise specified.

ARTICLE II

Definitions

The following terms shall have the meanings set forth in this Article II. Any undefined capitalized term in this Plan shall have the meaning set forth in the Retirement Plan.

2.1 “Accredited Service” means the period of time taken into account under the terms of the Retirement Plan for the purpose of computing a Retirement Plan benefit under the Final Average Pay Formula.

2.2 “Actuarial Equivalence” or “Actuarially Equivalent” will be determined using the assumptions and methods that are used in connection with the Cash Balance Formula under the Retirement Plan, regardless of whether the benefits under this Plan are determined under the Cash Balance Formula.

2.3 “Base Compensation” means a Participant's regular base salary or base wage Earned through the date of the termination of employment of the Participant with the Associated Companies. Base Compensation shall be determined (i) without adjustment for any salary or wage elections made pursuant to Sections 125 (regarding cafeteria plans, including pre-tax contributions for premiums and flexible spending accounts) and 402(e)(3) (regarding elective deferrals, including before-tax contributions under a Section 401(k) retirement savings plan) of the Code, (ii) without reduction for any contributions to the Supplemental Savings Plan; and (iii) excluding bonuses (such as, but not limited to, project bonuses and sign-on bonuses), compensation paid pursuant to the terms of an annual compensation plan, performance pay awards, severance pay, relocation payments, or any other form of additional compensation that is not part of regular base salary or base wage.

2.4 “Beneficiary” means the person or entity designated in accordance with the provisions of Section 7.3, to receive the distribution of death benefits provided for in Article VII.

2.5 “Cash Balance Formula” means the formula under the Retirement Plan by which Participants accrue benefits through credits to his or her Cash Balance Account (as defined in the Retirement Plan). The Cash Balance Formula is effective for Plan Years commencing after December 31, 2000.

2.6 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.7 “Commissions” means a periodic incentive directly tied to an individual sale (including sales tied to a deal to which more than one individual is assigned) or quota achievement pursuant to a written and appropriately approved plan that is Earned during the relevant time period, but that is neither a team-based award nor a referral award nor other recognition award nor a part of the Participant’s Base Compensation or Incentive Compensation.

2.8 “Committee” means for the period ending May 26, 2004, the Employee Benefit Trusts Committee of the Company. Effective beginning May 27, 2004, the Committee shall be the committee designated by the Company (or by a person duly authorized to act on behalf of the Company) as responsible for the administration of the Plan.

2.9 “Company” means the American Electric Power Service Corporation.

2.10 “Corporation” means the American Electric Power Company, Inc., a New York corporation, and its affiliates and subsidiaries.

2.11 “Determination Date” means the first day of the month immediately following the Participant's Termination.

2.12 “Earned”

(a) when referring to Base Compensation, Commissions and Premium Pay, means the date such amount is paid, and

(b) when referring to Incentive Compensation, means

(i) for purposes of the Cash Balance Formula, the date such amount is paid or such earlier date it would have been paid by an Associated Company if the payment had not been effectively deferred according to the terms of the American Electric Power System Incentive Compensation Deferral Plan or such other applicable plan or agreement; or

(ii) for purposes of the Final Average Pay Formula, the Incentive Compensation shall be considered Earned in equal monthly installments during the applicable period of the calendar year for which the awarded amount had been calculated,

without regard to when such amount is paid, provided that the amount ultimately becomes payable to the Participant.

2.13 “Employee” means such persons employed by an Associated Company who are designated in the records of the Associated Company in a classification that is eligible to participate in the Retirement Plan.

2.14 “Employment Contract” means an agreement between an Associated Company and an Employee that provides the Employee with a non-qualified retirement benefit attributable to this Plan.

2.15 “ERISA” means the Employee Retirement Income Security Act of 1974 as amended from time to time.

2.16 “Final Average Pay Formula” means the formula designated as the final average pay formula by the Retirement Plan and by which Participants accrue normal retirement benefits by taking into account the Participant’s Accredited Service, average annual earnings and such other factors as are set forth in the Retirement Plan.

2.17 “First Date Available” or “FDA” means (a) with respect to a Participant who is a Key Employee as of the date of such Participant’s Termination, the first day of the month next following the date that is six (6) months after the Participant’s Termination; and (b) with respect to all other Participants, the first day of the month next following the Participant’s Termination.

2.18 “HR Committee” means the Human Resources Committee of the board of directors of the Corporation (or any successor to such committee).

2.19 “Incentive Compensation” means incentive compensation Earned pursuant to the terms of an annual incentive compensation plan, provided that Incentive Compensation shall not include non-annual bonuses (such as but not limited to project bonuses and sign-on bonuses and amounts earned under a long-term incentive plan), severance pay, relocation payments, or any other form of additional compensation that is not considered to be part of Base Compensation.

2.20 “Key Employee” means a Participant who is classified as a “specified employee” at the time of Termination in accordance with policies adopted by the HR Committee in order to comply with the requirements of Section 409A(a)(2)(B)(i) of the Code and the guidance issued thereunder.

2.21 “Maximum Benefit” means the vested retirement benefit payable from the Retirement Plan under either the Final Average Pay Formula or the Cash Balance Formula, as provided in Article IV and as calculated based upon the Participant’s marital status, Beneficiary, credited service, and earnings for services rendered to the Company, to the extent such are permitted by the Code and the Retirement Plan to be taken into account under the Final Average Pay Formula or the Cash Balance Formula, as applicable.

2.22 “Maximum Disability Period” means the last date any disability benefits may become payable under the terms of the American Electric Power System Long-Term Disability Plan in effect as

of the later of December 31, 2008 or the last day on which the Participant's initial payment election may be made in accordance with Section 6.3.

2.23 "Next Date Available" or "NDA" means the July 1 of the calendar year immediately following the calendar year in which falls the Participant's Termination.

2.24 "Participant" means any exempt salaried Employee of an Associated Company who has entered the Plan in accordance with Article III of this Plan and has accrued a benefit under the Plan.

2.25 "Associated Company" means the Company and those of its subsidiaries and affiliates of the Corporation who are considered an "Associated Company" as defined under the Retirement Plan.

2.26 "Plan" means this American Electric Power System Excess Benefit Plan, as amended or restated from time to time.

2.27 "Plan Year" means the calendar year commencing each January 1 and ending each December 31.

2.28 "Premium Pay" means overtime pay and shift differential pay that is Earned during the relevant time period, but that is not a part of the Participant's Base Compensation or Incentive Compensation.

2.29 "Present Value" means the current value of a future payment or future stream of payments, calculated using the Applicable Mortality Table and Applicable Interest Rate.

2.30 "Retirement Date" means the date the Participant terminates employment with all Associated Companies after the Participant has attained age 55 and completed at least five years of service with the Associated Companies.

2.31 "Retirement Plan" means the American Electric Power System Retirement Plan, as amended from time to time.

2.32 "Supplemental Retirement Benefit" means the basic retirement benefit determined under Article IV of this Plan.

2.33 "Supplemental Savings Plan" means the American Electric Power System Supplemental Retirement Savings Plan, as amended from time to time.

2.34 "Termination" means termination of employment with the Company and its subsidiaries and affiliates for any reason; provided that effective with respect to Participants whose employment terminates on or after January 1, 2005, determinations as to the circumstances that will be considered a Termination (including a disability and leave of absence) shall be made in a manner consistent with the written policies adopted by the HR Committee from time to time to the extent such policies are consistent with the requirements imposed under Code 409A(a)(2)(A)(i).

2.35 “Unrestricted Benefit” means the vested retirement benefit that would be payable from the Retirement Plan under either the Final Average Pay Formula or the Cash Balance Formula, as described in Article IV, assuming Sections 401(a)(17) (Compensation Limit) and 415 (Limitation on Benefits) of the Code are not applicable. The calculation of the Unrestricted Benefit also shall take into account other adjustments specified in an Employment Contract.

ARTICLE III

Participation in the Plan

3.1 Eligibility. All exempt salaried Employees of an Associated Company shall be eligible to participate in this Plan so long as such Employee is either (A) entitled to a Supplemental Retirement Benefit under the terms of an Employment Contract, or (B) both (1) a participant in the Retirement Plan, and (2) satisfies one of the following conditions below:

- (a) The Employee’s Base Compensation for the current or any prior Plan Year exceeds the limitation of Section 401(a)(17) of the Code,
- (b) The Employee was a Participant in this Plan as of December 31, 2000,
- (c) The Employee’s Base Compensation plus Incentive Compensation plus Premium Pay for the current or any prior Plan Year (that begins on or after January 1, 2000, in that such amounts were taken into account for the calendar year 2000 in calculating the opening balance for Participants under the Cash Balance Formula) exceeds the limitation of Section 401(a)(17) of the Code,
- (d) The Employee’s Base Compensation plus Incentive Compensation plus Commissions plus Premium Pay for the current or any prior Plan Year that begins on or after January 1, 2020 exceeds the limitation of Section 401(a)(17) of the Code, or
- (e) Otherwise becomes entitled to a benefit under Article V of this Plan.

To further clarify, an Employee shall not be considered eligible to participate in this Plan so long as such Employee has been continuously eligible to earn additional benefits under the Central and South West System Special Executive Retirement Plan since December 31, 2008, the date that the Central and South West Corporation Cash Balance Retirement Plan was merged with and into the Retirement Plan. Additionally, an eligible Employee may become a Participant if he or she is designated to be a Participant by the Committee. All such eligibility determinations generally shall be made by December 31 of each year or such other time as set forth in an Employee Contract.

3.2 Duration. An Employee who becomes a Participant shall continue to be a Participant until his or her Termination or the date he or she is no longer entitled to receive a Supplemental Retirement Benefit under this Plan.

ARTICLE IV

Benefits

4.1 General Benefits. Upon a Participant's Termination, the Participant shall be entitled to a Supplemental Retirement Benefit calculated as of the Participant's Determination Date, as determined under this Article IV, to the extent vested, to be paid at the time and in the form determined in accordance with Article VI of this Plan. Except as otherwise specified in Article X, a Participant's Supplemental Retirement Benefit shall become vested at the same time and to the same extent as may be provided under the terms of the Retirement Plan. Notwithstanding the foregoing, the amount, calculation methodology, or vesting of a Participant's Supplemental Retirement Benefit may be reduced or otherwise modified in the manner described in an Employment Contract. Additionally, if the Committee determines that a Participant has incurred a liability to, or otherwise damaged, the Corporation, the Company or any Associated Company, the Committee shall have the authority and power, in its sole discretion, to reduce any portion or all of the amounts that might otherwise become payable to such Participant under the terms of this Plan by the amount of such liability or damage, as reasonably determined by the Committee.

4.2 Calculation Methodology. For purposes of calculating the Supplemental Retirement Benefit under Section 4.3 or 4.4 of this Plan, the following rules shall apply. To the extent a Participant's form of benefit under Article VI is a lump sum or installments, this calculation shall be based on the lump sum of the Unrestricted Benefit and Maximum Benefit. To the extent a Participant's form of benefit under Article VI is an annuity, this calculation shall be based on the single life annuity of the Unrestricted Benefit and Maximum Benefit. If a Participant's form of benefit under Article VI is a combination lump sum distribution and life annuity [as set forth in Section 6.2(b)(5)], both calculations shall be made and the appropriate elected percentage applied to each.

4.3 Amount of Benefit for Final Average Pay Participants. A Participant in this Plan whose Retirement Plan benefit takes into account the Final Average Pay Formula shall be entitled to receive a benefit equal to the excess (if any) of the benefit determined under paragraph (a) below over the benefit determined under paragraph (b) below.

- (a) The greater of (i) if the Participant's Base Compensation for the current or any prior Plan Year exceeds the limitation of Section 401(a)(17) of the Code, the Unrestricted Benefit calculated (A) using the Final Average Pay Formula and (B) based upon the sum of the rate of the Participant's Base Compensation (as determined from month to month) and Earned Incentive Compensation, or (ii) the Unrestricted Benefit calculated (A) using the Cash Balance Formula and (B) based upon the sum of the Participant's Earned Base Compensation, Earned Incentive Compensation, and Earned Premium Pay; provided however, that
 - (1) such calculation shall not take into account any amounts Earned with respect to any period after the date of the Participant's Termination with all Associated Companies; and
 - (2) with regard to Participants who have an annual incentive opportunity in excess of 250% of Base Compensation for the Plan Year in which the Incentive

Compensation is Earned (per Section 2.11(b)(ii)), the amount of Incentive Compensation that will be considered Earned with respect to that Plan Year for purposes of Section 4.3(a)(i) shall not exceed 100% of the highest annualized rate of the Employee's Base Compensation that was in effect with respect to that Employee at any time during that Plan Year; provided, however, that this limitation shall not apply to the extent of any Incentive Compensation provided through the American Electric Power System Senior Officer Incentive Plan; and

(3) for purposes of Section 4.3(a)(ii), the sum of compensation shall be limited to the greater of \$1,000,000 or 200% of the Participant's annualized rate of Base Compensation in effect on the last day of the Plan Year (or, if earlier, the date of Termination).

(b) The greater of (1) the Maximum Benefit calculated using the Final Average Pay Formula, or (2) the Maximum Benefit calculated using the Cash Balance Formula.

4.4 Amount of Benefit for Cash Balance Participants. A Participant in this Plan whose Retirement Plan benefit takes into account only the Cash Balance Formula shall be entitled to receive a benefit equal to the excess (if any) of the benefit calculated under paragraph (a) below over the benefit calculated under paragraph (b) below.

(a) The Unrestricted Benefit calculated (A) using the Cash Balance Formula and (B) based upon the sum of the Participant's Earned Base Compensation, Earned Incentive Compensation, Commissions Earned on or after January 1, 2020, and Earned Premium Pay. Effective for amounts paid on or before December 31, 2019, this sum shall be limited to the greater of \$1,000,000 or 200% of the Participant's annualized rate of Base Compensation in effect on the last day of the Plan Year (or, if earlier, the date of Termination).

(b) The Maximum Benefit, calculated using the Cash Balance Formula.

4.5 Disability Accruals. Notwithstanding anything in the Plan to the contrary, if a Participant incurs a disability (under the terms of the Retirement Plan), the Participant may continue to accrue a benefit under this Plan from the date of such disability through the Maximum Disability Period to the extent the Participant is receiving such disability accruals under the Retirement Plan, as paid in accordance with Section 6.6.

4.6 Adjustments to Supplemental Retirement Benefit.

(a) The amount of a Participant's Supplemental Retirement Benefit shall be reduced or otherwise modified in the manner described in an Employment Contract (e.g., by any qualified or non-qualified retirement benefits the Participant may be entitled to receive from one or more prior employers).

(b) If the Participant's Unrestricted Benefit under Section 4.3(a) was the amount payable under the Final Average Pay Formula, the following shall apply as of the date

Incentive Compensation is awarded to the Participant, to the extent such Incentive Compensation is attributable to the calendar year that includes the Participant's date of Termination:

- (1) The Participant's Determination Date Supplemental Retirement Benefit shall be recalculated to take into account the amount of such Incentive Compensation that is considered Earned during the period ending on such Participant's Termination Date; then
- (2) The amount(s) payable to the Participant in accordance with the payment schedule applicable to the Participant as set forth in Section 6.2 shall be increased to reflect the Supplemental Retirement Benefit as recalculated pursuant to paragraph (1); and
- (3) To the extent the adjustment to the amount(s) payable to the Participant pursuant to paragraph (2) relates to any amount that had already been paid to the Participant under the applicable payment schedule, the amount of the increase of each such payment shall receive interest credits at the interest rate then being credited for the Cash Balance Formula from the date such original payment had been made through the date of the recalculation, and the aggregate amount of the increases, plus interest, shall be paid in a single sum as soon as administratively practicable.

4.7 Freeze of Benefits. No Participant shall accrue any additional Maximum Benefit or Unrestricted Benefit under the Final Average Pay Formula after December 31, 2010.

ARTICLE V

Enhanced Vested Lump Sum Benefit

5.1 Severance Benefit. The benefits set forth in this Article V shall be treated as a severance benefit under ERISA.

5.2 Eligibility. An Employee who incurs a Termination before age 55 due to a restructuring, consolidation, or downsizing of the Corporation shall be eligible for a special benefit under this Article V if he or she, at the time of Termination, (i) has completed 25 or more years of Accredited Service under the Retirement Plan, or (ii) has attained age 50 and has completed 10 or more years of Accredited Service under the terms of the Retirement Plan.

5.3 Enhanced Supplemental Plan Benefit.

- (a) If (i) a Participant described in Section 5.2 has Base Compensation in excess of the limitation under Section 401(a)(17) of the Code for any current or prior Plan Year, (ii) such Participant is entitled to a Supplemental Retirement Benefit calculated under Section 4.3, and (iii) such Participant elects to receive at least some portion of his or her Supplemental Retirement Benefit in the form of an annuity, the Participant shall receive an enhanced vested lump sum benefit equal to the Annuity Portion of the

Present Value of the excess (if any) of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below, calculated as of the Determination Date.

- (1) The Participant's monthly Unrestricted Benefit calculated as a single life annuity under the Final Average Pay Formula using the early retirement reduction factors from age 65 to age 55 and, if necessary, calculated with a full actuarial reduction from age 55 to the Determination Date, reduced by (but not to an amount less than zero) the Participant's monthly Unrestricted Benefit calculated under Section 4.3(a).
 - (2) The Participant's monthly Maximum Benefit calculated as a single life annuity under the Final Average Pay Formula with a full actuarial reduction from age 65 to the Determination Date, reduced by (but not to an amount less than zero) the Participant's monthly Maximum Benefit calculated under Section 4.3(b).
- (b) For purposes of this Section 5.3, the term "Annuity Portion" means the percentage of the Participant's Supplemental Retirement Benefit that the Participant has elected under Article VI to receive in the form of an annuity.
- (c) The special benefit payable hereunder shall be payable in a lump sum as soon as practicable after the annuity benefit under this Plan commences as provided under Article VI. The amount of the lump sum shall be credited with interest at the rate at which Interest Credits are applied under the Retirement Plan from the Determination Date to the date such lump sum is distributed. If the Participant dies before the date of payment and the Participant's Spouse is the Participant's sole Beneficiary, then the Participant's Beneficiary will receive the lump sum payable under this Section 5.3 as soon as practicable after the Participant's death.

ARTICLE VI

Payment of Vested Supplemental Retirement Benefits

6.1 Determination of Supplemental Retirement Benefit. Upon a Participant's Termination for any reason other than the Participant's death, the Participant's Supplemental Retirement Benefit shall be calculated as of the Participant's Determination Date, shall be adjusted in the manner described in Section 4.6, and, to the extent vested, distributed to the Participant in the manner described in Section 6.2. If the Supplemental Retirement Benefit is payable in the form of a lump sum or installments, any unpaid balance shall be credited with interest at the rate at which Interest Credits are applied under the Retirement Plan from the Determination Date until the date of payment.

6.2 General Timing of Payment. A Participant generally is entitled to receive a Supplemental Retirement Benefit upon Termination (or, in a manner specified in an Employment Contract to the extent compliant with Code Section 409A so as to prevent the participant from incurring current federal income tax penalties under Code Section 409A). Payment generally will be made at the following times

and in the following forms, as specified in a Participant's payment election as provided under this Article VI.

(a) Elections with Determination Dates On or Before December 1, 2007. Effective with respect to distribution election forms with Determination Dates on or before December 1, 2007, the forms of distribution available to each Participant shall be limited to the following:

- (1) A single lump sum distribution
 - (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
 - (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or
- (2) In five (5) annual installments commencing
 - (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
 - (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or
- (3) In ten (10) annual installments commencing
 - (a) as of the First Date Available; or
 - (b) as of the Next Date Available;
- (4) As a single life annuity commencing on the First Date Available, or any Actuarially Equivalent "life annuity," as described in Treasury Regulation 1.409A-2(b)(ii) and as available as an annuity option under the Retirement Plan, but excluding any pop-up feature or level income option under the Retirement Plan.
- (5) A combination of a 50% monthly annuity and a 50% lump sum distribution, payable beginning on the First Date Available.

(b) Elections with Determination Dates After December 1, 2007.

- (1) A single lump sum distribution

- (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
 - (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or
- (2) In five (5) annual installments commencing
- (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
 - (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or
- (3) In ten (10) annual installments commencing
- (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
- Effective for distribution elections or changes to distribution elections made on or after such date as the Committee shall designate:
- (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available.
- (4) As a single life annuity commencing on the First Date Available, or any Actuarially Equivalent “life annuity,” as described in Treasury Regulation 1.409A-2(b)(ii) and as available as an annuity option under the Retirement Plan, but excluding any pop-up feature or level income option under the Retirement Plan;
- (5) Effective with respect to distribution election forms applicable to Determination Dates on or after January 1, 2009, a combination lump sum distribution and “life annuity” [as described in paragraph (b)(4), above] commencing as of the First Date Available, allocated in one of the following proportions:
- (a) 25% as a lump sum distribution and 75% as a life annuity;
 - (b) 50% as a lump sum distribution and 50% as a life annuity; or

(c) 75% as a lump sum distribution and 25% as a life annuity.

(c) Surviving Spouse Benefit. Notwithstanding the foregoing, the calculation of any annuity shall be enhanced if (1) a Participant is at least age 55 with five (5) years of service at the time of Termination, (2) has been married continuously to his or her Spouse throughout the one-year period ending on the Determination Date, (3) the Participant elected to receive at least a portion of his or her Supplemental Retirement Benefit in the form of an annuity, and (4) the Participant's Final Average Pay Formula provided the greater benefit under Section 4.3(a). The enhanced benefit shall be calculated to provide a fully-subsidized 30% survivor annuity, known as the "Surviving Spouse Benefit," with respect to the percentage of the Participant's Supplemental Retirement Benefit that the Participant has elected under Article VI to receive in the form of an annuity, and shall be determined in the same manner as is set forth under the Retirement Plan.

(d) Key Employees. Notwithstanding the foregoing, with respect to any Participant who is a Key Employee, to the extent that any payments otherwise would have been made in the form of an annuity before the First Date Available, such payments shall be aggregated and paid on the First Date Available.

6.3 Participant Elections. Each Participant in the Plan may make an election as to the time and form of payment of his or her Supplemental Retirement Benefit, as provided in Section 6.2. Participants must make such an election in accordance with the following deadlines.

- (a) Generally. Except as otherwise provided in this Plan, a Participant must make his or her payment election by December 31 of the calendar year before the calendar year in which he or she first becomes a Participant in this Plan.
- (b) Newly Eligible Participants. If an individual first becomes a Participant during a calendar year, and the Participant has not previously become a Participant in another plan that is required to be aggregated with this Plan under Treasury Regulation Section 1.409A-1(c)(2) or other guidance under Section 409A of the Code, the Participant may make an election by no later than the 30th day after becoming a Participant in the Plan.
- (c) Excess Benefit Plan Participants. If an individual first becomes a Participant on or after January 1, 2005, and participation in this Plan is considered participation in an "excess benefit plan," the Participant may make an election no later than the 30th day after the last day of the first calendar year in which the Participant satisfied the requirements to become a Participant, provided that such individual has neither an accrued benefit nor been allocated any deferral under any other excess benefit plan. For this purpose, the term "excess benefit plan" means all nonqualified deferred compensation plans in which the individual participates, to the extent such plans do not provide for an election between the current compensation and deferred compensation and solely provide deferred compensation equal to the excess of the benefits the individual would have accrued under a qualified employer plan in which the individual also participates, in the absence of one or more of the limits

incorporated into the plan to reflect one or more of the limits on contributions or benefits applicable to the qualified employer plan under the Code, over the benefits the individual actually accrues under the qualified employer plan, as described in Treasury Regulation Section 1.409A-2(a)(7)(iii).

- (d) Actuarially Equivalent Life Annuities. A Participant who elected an annuity option described in Section 6.2(b)(4) or (5) of this Plan may make an irrevocable election within 60 days after the Determination Date to receive his or her benefits in the form of any other annuity option available under Section 6.2(b)(4) or (5) of this Plan. If the Participant fails to make a timely election as to the form of annuity, the Participant shall be deemed to have selected a 100% joint and survivor annuity with the Participant's Beneficiary as the survivor annuitant.
- (e) Default. If a Participant fails to make an initial payment election in the times provided in this Section 6.3, the Participant shall be deemed to have elected to receive payment of his or her Supplemental Retirement Benefit in a lump sum on the First Date Available.
- (f) Examples.
 - (1) If an individual's Employment Contract is effective May 31, 2009, and the Employment Contract provides that the Participant will receive a Supplemental Retirement Benefit in a manner that causes this Plan not to be considered an Plan for that Participant, the Participant must make a payment election by June 30, 2009.
 - (2) If an Employee is designated a Participant in 2009 because his or her compensation exceeded the limit under Section 401(a)(17) of the Code as of October 31, 2009, the Participant generally may make such an election by January 30, 2010.
 - (3) A Participant made an election within 30 days of becoming eligible to participate in this Plan to receive his or her benefits in the form of a single life annuity under Section 6.2(b)(4). The Participant expects to retire June 30, 2012. At a reasonable time before the Determination Date, the Participant may make an election to receive an actuarially equivalent joint and survivor annuity, excluding any pop-up feature or level income option under the Retirement Plan.

6.4 Rehired Employees. An Employee whose employment is Terminated and then subsequently hired as an Employee of an Associated Company may become a Participant in this Plan and accrue a Supplemental Retirement Benefit attributable to the Employee's period of service after such rehire date only if and when the Employee thereafter becomes a Participant under Article III. The time and form of payment of any such rehired Participant will be governed by the elections of the Participant that had become effective with the Employer during his or her prior employment with the Employer, including elections made under the Central and South West System Special Executive

Retirement Plan or any other Plan sponsored by the Employer, but in no event will the benefit become payable earlier than the First Date Available.

6.5 Changes to Time and Form of Payment. A Participant will not be permitted to change the form of payment of his or her Supplemental Retirement Benefit unless (a) such election does not take effect until at least 12 months after the date on which the election is made, (b) in the case of an election related to payment not due to the Participant's Disability or death, the first payment with respect to which such new election is effective is deferred for a period of not less than five (5) years from the date such payment would otherwise have been made, and (c) any election related to a payment based upon a specific time or pursuant to a fixed schedule may not be made less than 12 months prior to the date of Termination; provided, however, that the selection of an annuity payment among actuarially equivalent annuity payments shall not be considered a change to the form of payment for purposes of applying the restrictions and clauses in Section 6.2 or 6.5.

Notwithstanding the preceding paragraph of this Section 6.5, a Participant may change an election with respect to the time and form of payment of a Supplemental Retirement Benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2008; provided that such election (a) applies only to amounts that would not otherwise be payable in the calendar year in which such election is made, and (b) shall not cause an amount to be paid in the calendar year in which the election is made that would not otherwise be payable in such year.

6.6 Disability Payments. If a Participant incurs a disability that results in a Termination, the payment(s) of any accruals through such Termination will be governed by Section 6.2. A Participant who is receiving disability accruals under Section 4.5 after Termination shall receive payment of the Supplemental Retirement Benefits accrued after Termination in a lump sum as soon as practicable after the Maximum Disability Period.

6.7 Cash-Outs. Notwithstanding any election made under this Plan,

- (a) if the Participant's Supplemental Retirement Benefit has a value of \$10,000 or less on the Participant's First Date Available, the Committee may require that the full value of the Participant's Supplemental Retirement Benefit be distributed as of the First Date Available in a single, lump sum distribution regardless of the form elected by such Participant, provided that such payment is consistent with the limited cash-out right described in Treasury Regulation Section 1.409A-3(j)(4)(v) or other guidance of the Code in that the payment results in the termination and liquidation of the entirety of the Participant's interest under each nonqualified deferred compensation plan (including all agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation 1.409A-1(c)(2) or other guidance of the Code) that is associated with this Plan; and the total payment with respect to any such single nonqualified deferred compensation plan is not greater than the applicable dollar amount under Code Section 402(g)(1)(B). Provided, however,

- (b) Payment to a Participant under any provision of this Plan will be delayed at any time that the Committee reasonably anticipates that the making of such payment will violate Federal securities laws or other applicable law; provided however, that any payments so delayed shall be paid at the earliest date at which the Committee reasonably anticipates that the making of such payment will not cause such violation.

ARTICLE VII

Death Benefits

7.1 Death of Participant Before Determination Date. Upon the death of a Participant prior to the Participant's Determination Date, the Participant's Beneficiary shall be entitled to a supplemental death benefit as follows:

- (a) Calculation Methodology. Except as otherwise set forth herein, the death benefits payable under Section 7.1 of this Plan shall be calculated using the applicable methodology and subject to all limitations as provided in Article IV as of the first day of the month immediately following the Participant's death.
- (b) Amount.
 - (1) If either (i) the Participant's Beneficiary is not his or her Spouse or (ii) the Participant's Supplemental Retirement Benefit does not take into account the Final Average Pay Formula under Section 4.3(a)(i), the amount of the benefit under this Section 7.1 is the amount equal to the excess (if any) of:
 - (a) The Unrestricted Benefit with respect to the Participant calculated using the Cash Balance Formula; over
 - (b) The Maximum Benefit with respect to the Participant calculated using the Cash Balance Formula.
 - (2) If both (i) the Participant's Beneficiary is his or her Spouse and (ii) the Participant's Supplemental Retirement Benefit takes into account the Final Average Pay Formula under Section 4.3(a)(i), the benefit under this Section 7.1 is the amount equal to the excess (if any) of:
 - (a) the greater of the Unrestricted Benefit with respect to the Participant calculated using the Cash Balance Formula or the pre-retirement survivor annuity calculated from the Unrestricted Benefit using the Final Average Pay Formula; over
 - (b) the greater of the Maximum Benefit with respect to the Participant calculated using the Cash Balance Formula or the pre-retirement survivor annuity calculated from the Maximum Benefit using the Final Average Pay Formula.

- (c) Form. The death benefit under this Section 7.1 shall be paid in the same form applicable to the Participant in accordance with the provisions of Article VI as of the date of the Participant's death; provided to the extent that the distribution would be in the form of an annuity, the death benefit shall be paid to the Beneficiary in the form of a single life annuity.
- (d) Timing. The death benefit under this Section 7.1 shall commence within 90 days after the Committee has made a final determination identifying the Participant's Beneficiary.

7.2 Death of Participant After the Determination Date. Upon the death of the Participant after the Determination Date, the Participant's Beneficiary or Beneficiaries shall receive the balance, if any, of the distributions payable under the form of distribution then in effect with respect to the Participant. If the Beneficiary is receiving benefits, the Beneficiary shall be entitled to designate a beneficiary for benefits payable upon the death of the Beneficiary.

7.3 Beneficiary Designation. Each Participant (or Beneficiary) may designate a Beneficiary or Beneficiaries who shall receive the benefits payable under this Plan following the death of the Participant. Any designation, or change or rescission of a beneficiary designation shall be made by the Participant's completion, signature and submission to the Committee of the appropriate beneficiary designation form prescribed by the Committee. A beneficiary designation form shall take effect as of the date the form is signed, provided that the Committee receives it before taking any action or making any payment to another Beneficiary named in accordance with this Plan and any procedures implemented by the Committee. If any payment is made or other action is taken before the Committee receives a beneficiary designation form, any changes made on a form received thereafter will not be given any effect. If a Participant (or Beneficiary) fails to designate a Beneficiary, or if all Beneficiaries named by the Participant (or Beneficiary) do not survive the Participant (or Beneficiary), the Participant's (or Beneficiary's) benefit will be paid to the Participant's Beneficiary or Beneficiaries as determined under the terms of the Retirement Plan as of the date of the Participant's death, but no later than the latest benefit commencement date with respect to the Participant under the Retirement Plan. The designation by a Participant of the Participant's spouse as a Beneficiary shall be considered automatically revoked as to that spouse upon the legal termination of the Participant's marriage to that spouse unless a qualified domestic relations order that provides otherwise is received by the Committee a reasonable time before the benefits commence.

ARTICLE VIII

Administration

8.1 Authority of Committee. The Committee shall administer this Plan. The Committee shall have the full power, authority and discretion to interpret this Plan and to prescribe, amend and rescind rules and regulations relating to the administration of this Plan (including, but not limited to, procedures for submitting distribution election forms and the designation of beneficiaries), and all such interpretations, rules and regulations shall be conclusive and binding on all Participants.

8.2 Ability of Committee to Delegate Authority. The Committee may employ agents, attorneys, accountants, or other persons and allocate or delegate to them powers, rights, and duties all as the Committee determines, in its sole discretion, may be necessary or advisable to properly carry out the administration of this Plan.

ARTICLE IX

Amendment or Termination

9.1 Authority to Amend or Terminate Plan. The Company intends this Plan to be permanent but reserves the right to amend or terminate this Plan when, in the sole opinion of the Company, such amendment or termination is advisable. Any such amendment or termination shall be made in accordance with a resolution of the Board of Directors of the Company.

9.2 Limitations on Amendment and Termination Authority. No amendment or termination of this Plan shall directly or indirectly (a) deprive any current or former Participant or Beneficiary of all or any portion of any Supplemental Retirement Benefit which commenced prior to the effective date of such amendment or termination or (b) reduce any Participant's Unrestricted Benefit that had accrued as of such effective date.

ARTICLE X

Change In Control

10.1 Vesting. Notwithstanding any provisions of the Plan to the contrary, if a Change in Control, as defined in Section 10.2, of the Corporation occurs, all Supplemental Retirement Benefits accrued as of the date of the Change in Control shall be fully vested and non-forfeitable.

10.2 Definition. A "Change in Control" of the Corporation shall be deemed to have occurred if and as of such date that (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Exchange Act")), other than any Corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation or a trustee or other fiduciary holding securities under any employee benefit plan of the Corporation, becomes "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than one-third ($\frac{1}{3}$) of the then outstanding voting stock of the Corporation; or (ii) the consummation of a merger or consolidation of the Corporation with any other entity, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least two-thirds ($\frac{2}{3}$) of the total voting power represented by the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation; or (iii) the consummation of the complete liquidation of the Corporation or the sale or disposition by the Corporation (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets.

For purposes of this Section 10.2, "Board" shall mean the Board of Directors of the Corporation, and "Director" shall mean an individual who is a member of the Board.

ARTICLE XI

Claims Procedure

11.1 Procedure for Submitting a Claim for Benefits. The following procedures shall apply with respect to claims for benefits under the Plan.

- (a) Any Participant or Beneficiary who believes he or she is entitled to receive a distribution under the Plan which he or she did not receive or that the amount calculated to be his or her Supplemental Retirement Benefit is inaccurate, may file a written claim signed by the Participant, Beneficiary or authorized representative with the Company's Director - Compensation and Executive Benefits, specifying the basis for the claim. The Director - Compensation and Executive Benefits shall provide a claimant with written or electronic notification of its determination on the claim within ninety days after such claim was filed; provided, however, if the Director - Compensation and Executive Benefits determines special circumstances require an extension of time for processing the claim, the claimant shall receive within the initial ninety-day period a written notice of the extension for a period of up to ninety days from the end of the initial ninety day period. The extension notice shall indicate the special circumstances requiring the extension and the date by which the Plan expects to render the benefit determination.
- (b) If the Director - Compensation and Executive Benefits renders an adverse benefit determination under Section 11.1(a), the notification to the claimant shall set forth, in a manner calculated to be understood by the claimant:
 - (1) The specific reasons for the denial of the claim;
 - (2) Specific reference to the provisions of the Plan upon which the denial of the claim was based;
 - (3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and
 - (4) An explanation of the review procedure specified in Section 11.2, and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA, following an adverse benefit determination on review.

11.2 Procedure for Appealing an Adverse Benefit Determination. The following procedures shall apply with respect to the review on appeal of an adverse determination on a claim for benefits under the Plan.

- (a) Within sixty days after the receipt by the claimant of an adverse benefit determination, the claimant may appeal such denial by filing with the Committee a written request for a review of the claim. If such an appeal is filed within the sixty

- day period, the Committee, or a duly appointed representative of the Committee, shall conduct a full and fair review of such claim that takes into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The claimant shall be entitled to submit written comments, documents, records and other information relating to the claim for benefits and shall be provided, upon request and free of charge, reasonable access to, and copies of all documents, records and other information relevant to the claimant's claim for benefits. If the claimant requests a hearing on the claim and the Committee concludes such a hearing is advisable and schedules such a hearing, the claimant shall have the opportunity to present the claimant's case in person or by an authorized representative at such hearing.
- (b) The claimant shall be notified of the Committee's benefit determination on review within sixty days after receipt of the claimant's request for review, unless the Committee determines that special circumstances require an extension of time for processing the review. If the Committee determines that such an extension is required, written notice of the extension shall be furnished to the claimant within the initial sixty-day period. Any such extension shall not exceed a period of sixty days from the end of the initial period. The extension notice shall indicate the special circumstances requiring the extension and the date by which the Plan expects to render the benefit determination.
- (c) The Committee shall provide a claimant with written or electronic notification of the Plan's benefit determination on review. The determination of the Committee shall be final and binding on all interested parties. Any adverse benefit determination on review shall set forth, in a manner calculated to be understood by the claimant:
- (1) The specific reason(s) for the adverse determination;
 - (2) Reference to the specific provisions of the Plan on which the determination was based;
 - (3) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and
 - (4) A statement of the claimant's right to bring an action under Section 502(a) of ERISA.

ARTICLE XII

Miscellaneous

12.1 No Right of Employment. Nothing in this Plan shall interfere with or limit in any way the right of any Associated Company to terminate any Participant's employment at any time, nor confer upon a Participant any right to continue in the employ of the Associated Company.

12.2 Incompetence. In the event the Committee, in its sole discretion, shall find that a Participant, former Participant or Beneficiary is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, the Committee may direct that any payment due the Participant or the Beneficiary be paid, unless a prior claim shall have been made by a duly appointed legal representative, to the Participant's Spouse, a child, a parent or other blood relative, or to a person with whom the Participant resides, and any such payment so made shall be a complete discharge of the liabilities of the Plan and the Company and the Associated Company with respect to such Participant or Beneficiary.

12.3 Relationship with Retirement Plan. Except as otherwise expressly provided herein, all terms, conditions and actuarial assumptions of the Retirement Plan applicable to benefits payable under the terms of the Retirement Plan shall also be applicable to the Supplemental Retirement Benefits paid under the terms of the Plan.

12.4 Unsecured General Creditor. The Supplemental Retirement Benefits paid under the Plan shall not be funded, but shall constitute liabilities of the applicable Associated Company to be paid out of general corporate assets. Nothing contained in the Plan shall constitute a guaranty by any of the Associated Companies or any other entity or person that the assets of a particular Associated Company will be sufficient to pay any benefit hereunder. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Associated Company. For purposes of the payment of benefits under this Plan, any and all of an Associated Company's assets shall be, and remain, the general, unrestricted assets of the Associated Company. An Associated Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

12.5 Non-Assignability. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, mortgage or otherwise encumber, transfer, alienate or convey in advance of actual receipt, the amounts, if any, payable under this Plan. Such amounts payable, or any part thereof, and all rights to such amounts payable are not assignable and are not transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person. Additionally, no part of any amounts payable shall, prior to actual payment, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise, except that if necessary to comply with a "qualified domestic relations order," as defined in ERISA Section 206(d), pursuant to which a court has determined that a Spouse or former Spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall distribute the Spouse's or former spouse's interest in the Participant's benefits under the Plan to such Spouse or former Spouse in accordance with the Participant's election under this Plan as to the time and form of payment; provided, however, that the Spouse's or former Spouse's benefit will be subject to the automatic cash-out provisions of Section 6.7 as a separate benefit.

12.6 Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

12.7 Governing Law. The Plan shall be construed and administered according to the applicable provisions of ERISA and the laws of the State of Ohio.

12.8 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan. Instead, this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

12.9 Successors. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

12.10 Notice. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

American Electric Power Service Corporation
Attn: Executive Benefits
One Riverside Plaza
Columbus, Ohio 43215

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

12.11 Tax Withholding. There shall be deducted from each payment made under this Plan or any other compensation payable to the Participant (or Beneficiary) all taxes that are required to be withheld by an Associated Company in respect to any payment under this Plan. The Associated Company shall have the right to reduce any payment (or compensation) by the amount of cash sufficient to provide the amount of such taxes.

IN WITNESS WHEREOF, the Company has caused this Plan to be signed by its authorized officer as of this 30th day of December, 2019.

AMERICAN ELECTRIC POWER
SERVICE CORPORATION

By: /s/ Tracy A. Elich
Tracy A. Elich,
Vice President - Human Resources

Exhibit 10(l)

**CENTRAL AND SOUTH WEST SYSTEM
SPECIAL EXECUTIVE RETIREMENT PLAN**

(As Amended and Restated Effective January 1, 2020)

ARTICLE I

Purposes and Effective Date

1.1 Purpose. The Central and South West System Special Executive Retirement Plan is an unfunded, nonqualified deferred compensation plan maintained to provide certain benefits for eligible employees whose retirement benefits from the Retirement Plan (as defined below) are restricted due to limitations imposed by provisions of the Internal Revenue Code or who are entitled to supplemental benefits under the terms of an employment agreement between the eligible employee and a Participating Employer.

1.2 Effective Date. The Plan originally was adopted by Central and South West Corporation in 1979. It later was amended and restated effective as of July 1, 1997 and January 1, 2009. This Plan is now amended and restated effective as of January 1, 2020, except as otherwise provided.

1.3 Plan Sponsor. Central and South West Corporation was the initial sponsor of the Plan. Central and South West Corporation later changed its name to AEP Utilities, Inc. December of 2016, AEP Utilities, Inc. was reorganized and changed its name to AEP Texas, Inc., and the responsibility for sponsorship of the Plan was transferred to American Electric Power Services Corporation, which was already then the Plan Administrator.

ARTICLE II

Definitions

The following terms shall have the meanings set forth in this Article II. Any undefined capitalized term in this Plan shall have the meaning set forth in the Retirement Plan.

2.1 “Accredited Service” means the period of time taken into account under the terms of the Retirement Plan for the purpose of computing a Retirement Plan benefit under the Final Average Pay Formula.

2.2 “Actuarial Equivalence” or “Actuarially Equivalent” will be determined using the assumptions and methods that are used in connection with the Cash Balance Formula under the Retirement Plan, regardless of whether the benefits under this Plan are determined under the Cash Balance Formula.

2.3 “Administrator” means American Electric Power Service Corporation.

2.4 “Base Compensation” means a Participant's regular base salary or base wage Earned through the date of the termination of employment of the Participant with the Participating Employers. Base Compensation shall be determined (i) without adjustment for any salary or wage elections made pursuant to Sections 125 (regarding cafeteria plans, including pre-tax contributions for premiums and flexible spending accounts) and 402(e)(3) (regarding elective deferrals, including before-tax contributions under a Section 401(k) retirement savings plan) of the Code, (ii) without reduction for any contributions to the Supplemental Savings Plan; and (iii) excluding bonuses (such as, but not limited to, project bonuses and sign-on bonuses), compensation paid pursuant to the terms of an annual compensation plan, performance pay awards, severance pay, relocation payments, or any other form of additional compensation that is not part of regular base salary or base wage.

2.5 “Beneficiary” means the person or entity designated in accordance with the provisions of Section 7.3, to receive the distribution of death benefits provided for in Article VII.

2.6 “Board of Directors” means the Board of Directors of the Company.

2.7 “Cash Balance Formula” means the formula under the Retirement Plan by which Participants accrue benefits through credits to his or her Cash Balance Account (as defined in the Retirement Plan). The Cash Balance Formula is effective beginning July 1, 1997.

2.8 “Cash Balance Unrestricted Benefit” means the Unrestricted Benefit calculated using the Cash Balance Formula.

2.9 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.10 “Commissions” means a periodic incentive directly tied to an individual sale (including sales tied to a deal to which more than one individual is assigned) or quota achievement pursuant to a written and appropriately approved plan that is Earned during the relevant time period, but that is neither a team-based award nor a referral award nor other recognition award nor a part of the Participant's Base Compensation or Incentive Compensation.

2.11 “Committee” means the committee designated by the Administrator (or a person duly authorized to act on behalf of the Administrator) as responsible for the administration of the Plan.

2.12 “Company” means American Electric Power Service Corporation.

2.13 “Corporation” means American Electric Power Company, Inc., a New York corporation, and its affiliates and subsidiaries.

2.14 “Determination Date” means the first day of the month immediately following the Participant's Termination; provided, however, with respect to Participants who have already separated from service but have not yet received a distribution under the Plan as of December 1, 2008, the Determination Date shall be the date specified in accordance with Article VI for the commencement date for payment of his or her Special Retirement Benefit.

2.15 “Employee” means such persons employed by a Participating Employer who are designated in the records of the Participating Employer in a classification that is eligible to participate in the Retirement Plan.

2.16 “Employment Contract” means an agreement between a Participating Employer and an Employee that provides the Employee with a non-qualified retirement benefit attributable to this Plan.

2.17 “ERISA” means the Employee Retirement Income Security Act of 1974 as amended from time to time.

2.18 “First Date Available” or “FDA” means (a) with respect to a Participant who is a Key Employee as of the date of such Participant’s Termination, the first day of the month next following the date that is six (6) months after the Participant’s Termination; (b) with respect to Participants who have already separated from service but have not yet received a distribution under the Plan as of December 1, 2008, the date specified in accordance with Article VI for the commencement date for payment of his or her Special Retirement Benefit (or, if such Participant fails to specify such a date, January 1, 2009); and (c) with respect to all other Participants, the first day of the month next following the Participant’s Termination.

2.19 “Grandfathered Participant” means a Participant who (i) is an employee of a Participating Employer on July 1, 1997, and (ii) has both attained age 50 and completed at least ten years of vesting service under the Retirement Plan on such date.

2.20 “HR Committee” means the Human Resources Committee of the board of directors of the Corporation (or any successor to such committee).

2.21 “Incentive Compensation” means incentive compensation Earned pursuant to the terms of an annual incentive compensation plan, provided that Incentive Compensation shall not include non-annual bonuses (such as but not limited to project bonuses and sign-on bonuses and amounts earned under a long-term incentive plan), severance pay, relocation payments, or any other form of additional compensation that is not considered to be part of Base Compensation.

2.22 “Key Employee” means a Participant who is classified as a “specified employee” at the time of Termination in accordance with policies adopted by the HR Committee in order to comply with the requirements of Section 409A(a)(2)(B)(i) of the Code and the guidance issued thereunder.

2.23 “Maximum Benefit” means the vested retirement benefit payable from the Retirement Plan under either a Prior Plan Formula or the Cash Balance Formula, as provided in Article IV and Article V and as calculated based upon the Participant’s marital status, Beneficiary, credited service, and earnings for services rendered to the Company, to the extent such are permitted by the Code and the Retirement Plan to be taken into account under the Final Average Pay Formula or the Cash Balance Formula, as applicable.

2.24 “Maximum Disability Period” means the last date any disability benefits may become payable under the terms of the American Electric Power System Long-Term Disability Plan in effect as of the later of December 31, 2008 or the last day on which the Participant’s initial payment election may be made in accordance with Section 6.3.

2.25 “Next Date Available” or “NDA” means the July 1 of the calendar year immediately following the calendar year in which falls the Participant’s Termination.

2.26 “Participant” means any exempt salaried Employee of a Participating Employer who has entered the Plan in accordance with Article III of this Plan and has accrued a benefit under the Plan.

2.27 “Participating Employer” means the Company and each subsidiary of the Corporation that is a participating employer under the Retirement Plan.

2.28 “Plan” means the Central and South West System Special Executive Retirement Plan, as amended and in effect from time to time.

2.29 “Plan Year” means the calendar year commencing each January 1 and ending each December 31.

2.30 “Premium Pay” means overtime pay and shift differential pay that is Earned during the relevant time period, but that is not a part of the Participant’s Base Compensation or Incentive Compensation.

2.31 “Prior Plan Formula” means the Career Average Pay Formula or the Final Average Pay Formula under the Retirement Plan.

2.32 “Retirement Plan” means the Central and South West System Cash Balance Retirement Plan sponsored by the Company, as amended and restated effective July 1, 1997, and as further amended and in effect from time to time, which is a defined benefit pension plan intended to qualify under Section 401(a) of the Code.

2.33 “Special Retirement Benefit” means the basic retirement benefit determined under Article IV of this Plan.

2.34 “Termination” means termination of employment with the Company and its subsidiaries and affiliates for any reason; provided that effective with respect to Participants whose employment terminates on or after January 1, 2005, determinations as to the circumstances that will be considered a Termination (including a disability and leave of absence) shall be made in a manner consistent with the written policies adopted by the HR Committee from time to time to the extent such policies are consistent with the requirements imposed under Code 409A(a)(2)(A)(i).

2.35 “Unrestricted Benefit” means the vested retirement benefit that would be payable from the Retirement Plan under either a Prior Plan Formula or the Cash Balance Formula, as

described in Article IV and Article V, assuming Sections 401(a)(17) (Compensation Limit) and 415 (Limitation on Benefits) of the Code are not applicable. The calculation of the Unrestricted Benefit also shall take into account other adjustments specified in an Employment Contract.

ARTICLE III

Participation in the Plan

3.1 Eligibility. All exempt salaried Employees of a Participating Employer shall be eligible to participate in this Plan so long as such Employee is either (A) entitled to a Special Retirement Benefit under the terms of an Employment Contract, or (B) both (1) a participant in the Retirement Plan, and (2) satisfies one of the following conditions below:

- (a) The Employee's Base Compensation for the current or any prior Plan Year exceeds the limitation of Section 401(a)(17) of the Code,
- (b) The Employee was a Participant in this Plan as of July 1, 1997,
- (c) The Employee's Base Compensation plus Incentive Compensation plus Premium Pay for the current or any prior Plan Year (that ends on or after July 1, 1997, in that such amounts were taken into account for the calendar year 1997 in calculating the opening balance for Participants under the Cash Balance Formula) exceeds the limitation of Section 401(a)(17) of the Code; or
- (d) The Employee's Base Compensation plus Incentive Compensation plus Commissions plus Premium Pay for the current or any prior Plan Year that begins on or after January 1, 2020 exceeds the limitation of Section 401(a)(17) of the Code.

All such eligibility determinations generally shall be made by December 31 of each year or such other time as set forth in an Employee Contract.

To further clarify, an Employee shall not be considered eligible to participate in this Plan unless such Employee has been continuously eligible to earn benefits under the Central and South West Corporation Cash Balance Retirement Plan since prior to January 1, 2001, the date that individuals hired or rehired by a Participating Employer would have instead become eligible to participate in the American Electric Power System Retirement Plan (as it existed prior to the merger of the Central and South West Corporation Cash Balance Retirement Plan with and into that plan effective December 31, 2008) and its related American Electric Power System Excess Benefit Plan.

3.2 Duration. An Employee who becomes a Participant shall continue to be a Participant until his or her Termination or the date he or she is no longer entitled to receive a Special Retirement Benefit under this Plan.

ARTICLE IV

Primary Benefit

4.1 General Benefits. Upon a Participant's Termination, the Participant shall be entitled to a Special Retirement Benefit calculated as of the Participant's Determination Date, as determined under this Article IV, to the extent vested, to be paid at the time and in the form determined in accordance with Article VI of this Plan. Except as otherwise specified in Article X, a Participant's Special Retirement Benefit shall become vested at the same time and to the same extent as may be provided under the terms of the Retirement Plan. Notwithstanding the foregoing, the amount, calculation methodology, or vesting of a Participant's Special Retirement Benefit may be reduced or otherwise modified in the manner described in an Employment Contract. Additionally, if the Committee determines that a Participant has incurred a liability to, or otherwise damaged, the Corporation, the Company or any Participating Employer, the Committee shall have the authority and power, in its sole discretion, to reduce any portion or all of the amounts that might otherwise become payable to such Participant under the terms of this Plan by the amount of such liability or damage, as reasonably determined by the Committee.

4.2 Calculation Methodology. For purposes of calculating the Special Retirement Benefit under Sections 4.3, 4.4 and 4.5 of this Plan, the following rules shall apply.

- (a) To the extent a Participant's form of benefit under Article VI is a lump sum or installments, this calculation shall be based on the lump sum of the Unrestricted Benefit and Maximum Benefit. To the extent a Participant's form of benefit under Article VI is an annuity, this calculation shall be based on the single life annuity value of the Unrestricted Benefit and Maximum Benefit. If a Participant's form of benefit under Article VI is a combination lump sum distribution and life annuity [as set forth in Section 6.2(b)(5)], both calculations shall be made and the appropriate elected percentage applied to each.
- (b) For purposes of calculating the Unrestricted Benefit using the Cash Balance Formula under Sections 4.3, 4.4, 4.5 and 5.2, and for purposes of calculating the Pension Equity Floor under Article V, effective for Compensation paid on or before December 31, 2019, annual Compensation taken into account shall be limited to the greater of \$1,000,000 or 200% of the Participant's Base Compensation in effect on the last day of each applicable Plan Year (or if earlier, the date of Termination).

4.3 Amount of Benefit for Cash Balance Participants. A Participant in this Plan whose Retirement Plan benefit takes into account only the Cash Balance Formula shall be entitled to receive a benefit equal to the excess (if any) of the benefit calculated under paragraph (a) below over the benefit calculated under paragraph (b) below.

- (a) The Unrestricted Benefit calculated using the Cash Balance Formula.
- (b) The Maximum Benefit calculated using the Cash Balance Formula.

4.4 Benefits for Non-Grandfathered Prior Plan Formula Participants.

- (a) Eligibility. If the following conditions are satisfied, a Participant shall receive the benefit described in Section 4.4 instead of the benefit calculated under Section 4.3.
 - (1) The Participant accrued a benefit under this Plan as of July 1, 1997; and
 - (2) The Participant is not a Grandfathered Participant.
- (b) Amount of Benefit. The benefit under this Section 4.4 is equal to the excess, if any, of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below:
 - (1) The greater of (a) the Unrestricted Benefit the Participant had accrued as of July 1, 1997, using the Prior Plan Formula, or (b) the Unrestricted Benefit calculated using the Cash Balance Formula.
 - (2) The greater of (a) the Maximum Benefit the Participant had accrued as of July 1, 1997, using the Prior Plan Formula, or (b) the Maximum Benefit calculated using the Cash Balance Formula.

4.5 Benefit for Grandfathered Participants.

- (a) Eligibility. A Grandfathered Participant will receive the benefit in either Section 4.5(b) or 4.5(c) as applicable.
- (b) Lump Sum or Installment Benefits. To the extent a Participant is to receive his or her benefits under this Plan in the form of a lump sum or installments, the benefit under this Section 4.5(b) is equal to the excess, if any, of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below.
 - (1) The greater of (a) the Unrestricted Benefit calculated using the Prior Plan Formula, or (b) the Unrestricted Benefit calculated using the Cash Balance Formula.
 - (2) The greater of (a) the Maximum Benefit calculated using the Prior Plan Formula, or (b) the Maximum Benefit calculated using the Cash Balance Formula.
- (c) Annuity Benefit. To the extent a Participant is to receive his or her benefits under this Plan in the form an annuity, the benefit under this Section 4.5 (c) is the annuity benefit described in paragraph (1) or (2) below, whichever has the greater Actuarially Equivalent value. Each annuity benefit will be valued at

Termination by comparing the annuity payable in the normal form under the Retirement Plan assuming that payments will commence on the Determination Date. The value of any annuity benefit payable that includes a cost of living adjustment shall be determined assuming that the future cost of living adjustments will be three percent (3%) per year.

- (1) The excess, if any, of the Unrestricted Benefit calculated using the Prior Plan Formula over the Maximum Benefit calculated using the Prior Plan Formula.
- (2) The excess, if any, of the Unrestricted Benefit calculated using the Cash Balance Formula over the Maximum Benefit calculated using the Cash Balance Formula.

4.6 Disability Accruals. Notwithstanding anything in the Plan to the contrary, if a Participant incurs a Disability (under the terms of the Retirement Plan), the Participant may continue to accrue a benefit under this Plan from the date of such Disability through the Maximum Disability Period to the extent the Participant is receiving such disability accruals under the Retirement Plan, as paid in accordance with Section 6.6.

ARTICLE V

Pension Equity Floor

(formerly called the “Final Average Pay Cash Balance Benefit”)

5.1 Eligibility -- Cash Balance Participants. Only Participants who were identified as of May 31, 2000, to receive a Final Average Pay Cash Balance benefit are entitled to have the Pension Equity Floor calculation described in Section 5.2.

5.2. Potential Enhancement of Benefit. The “Pension Equity Floor” for an eligible Participant under Section 5.1 of this Plan shall be equal to the benefit that would be payable under the cash balance provisions of the Retirement Plan if:

- (a) The Participant’s Cash Balance Account were credited with an amount determined by multiplying (1) the Participant’s highest average annual Base Compensation, Incentive Pay, and Premium Pay during any 36 consecutive calendar months in the 120 consecutive calendar months ending on the date of his or her Termination, by (2) the sum of the Participant’s annual compensation contribution percentages under the Retirement Plan (beginning with the Plan Year for which the Participant is first allocated annual contribution credit), but
- (b) without any interest credits under Retirement Plan, and
- (c) to be determined before applying any provision reducing retirement benefits because of limitation on compensation under Section 401(a)(17) of the Code or the maximum benefit limitations under Section 415 of the Code.

If the Pension Equity Floor is greater than the Cash Balance Unrestricted Benefit, the Pension Equity Floor shall be substituted in place of the Cash Balance Unrestricted Benefit under Section 4.3, 4.4, or 4.5, as applicable.

ARTICLE VI

Payment of Vested Special Retirement Benefits

6.1 Determination of Special Retirement Benefit. Upon a Participant's Termination for any reason other than the Participant's death, the Participant's Special Retirement Benefit shall be calculated as of the Participant's Determination Date and, to the extent vested, distributed to the Participant in the manner described in Section 6.2. If the Special Retirement Benefit is payable in the form of a lump sum or installments, any unpaid balance shall be credited with interest at the Annual Interest Crediting Rate under the Retirement Plan from the Determination Date until the date of payment.

6.2 General Timing of Payment. A Participant generally is entitled to receive a Special Retirement Benefit upon Termination. Payment generally will be made at the following times and in the following forms, as specified in a Participant's Payment Election.

- (a) Pre-2009 Distributions. If a payment is to be made or is to begin to be made before January 1, 2009, such benefits payable under the Plan will be paid or will begin at the same time as the Participant's benefit is paid or begins under the Retirement Plan. Such benefits also shall be payable in the same form as the Participant's benefit is to be paid under the Retirement Plan, unless the Participant made a valid election to otherwise change the form of payment in accordance with the rules and procedures adopted by the Committee from time to time to receive his or her Special Retirement Benefit in a lump sum payment.
- (b) Post-2008 Distributions (other than to certain separated participants). If benefits are payable under the Plan on or after January 1, 2009 to a Participant other than a Participant who has already separated from service but has not yet received a distribution under the Plan prior to January 1, 2009, such benefits will be paid or will begin to be paid at such time and form elected by the Participant in accordance with the following distribution options:
 - (1) A single lump sum distribution
 - (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
 - (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or

- (2) In five (5) annual installments commencing
 - (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or
 - (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or

- (3) In ten (10) annual installments commencing
 - (a) as of the First Date Available; or
 - (b) as of the Next Date Available; or

Effective for distribution elections or changes to distribution elections made on or after such date as the Committee shall designate:

- (c) as of the fifth anniversary of the First Date Available; or
 - (d) as of the fifth anniversary of the Next Date Available; or
- (4) As a single life annuity commencing on the First Date Available, or any Actuarially Equivalent “life annuity,” (in accordance with Treasury Regulation 1.409A-2(b)(ii)) and as available as an annuity option under the Retirement Plan.
- (5) A combination lump sum distribution and “life annuity” [as described in paragraph (b)(4), above] commencing as of the First Date Available, allocated in one of the following proportions:
 - (a) 25% as a lump sum distribution and 75% as a life annuity;
 - (b) 50% as a lump sum distribution and 50% as a life annuity; or
 - (c) 75% as a lump sum distribution and 25% as a life annuity.

- (b) Post-2008 Distributions To Certain Separated Participants. If benefits are payable under the Plan on or after January 1, 2009 to a Participant who has already separated from service but has not yet received a distribution under the Plan prior to January 1, 2009, such benefits will be paid or will begin to be paid at such time and form elected by the Participant in accordance with the following distribution options:

- (1) A single lump sum distribution
 - (a) as of January 1, 2009; or
 - (b) as of January 1, 2010; or
 - (c) as of January 1, 2011; or
 - (d) as of January 1, 2012; or
 - (e) as of January 1, 2013; or
 - (f) as of January 1, 2014;
- (2) In five (5) annual installments commencing
 - (a) as of January 1, 2009; or
 - (b) as of January 1, 2010; or
 - (c) as of January 1, 2011; or
 - (d) as of January 1, 2012; or
 - (e) as of January 1, 2013; or
 - (f) as of January 1, 2014;
- (3) In ten (10) annual installments commencing
 - (a) as of January 1, 2009; or
 - (b) as of January 1, 2010; or
 - (c) as of January 1, 2011; or
 - (d) as of January 1, 2012; or
 - (e) as of January 1, 2013; or
 - (f) as of January 1, 2014;
- (4) As a single life annuity commencing on the First Date Available;
- (5) As a joint and 50% survivor life annuity commencing on the First Date Available; or

- (6) As a joint and 100% survivor life annuity commencing on the First Date Available.
- (d) Key Employees. Notwithstanding the foregoing, with respect to any Participant who is a Key Employee, to the extent that any payments otherwise would have been made in the form of an annuity before the First Date Available, such payments shall be aggregated and paid on the First Date Available.

6.3 Participant Elections. Each Participant in the Plan may make an election as to the time and form of payment of his or her Special Retirement Benefit, as provided in Section 6.2. Participants must make such an election in accordance with the following deadlines.

- (a) Generally. Except as otherwise provided in this Plan, a Participant must make his or her payment election by December 31 of the calendar year before the calendar year in which he or she first becomes a Participant in this Plan.
- (b) Newly Eligible Participants. If an individual first becomes a Participant during a calendar year, and the Participant has not previously become a Participant in another plan that is required to be aggregated with this Plan under Treasury Regulation Section 1.409A-1(c)(2) or other guidance under Section 409A of the Code, the Participant may make an election by no later than the 30th day after becoming a Participant in the Plan.
- (c) Excess Benefit Plan Participants. If an individual first becomes a Participant on or after January 1, 2008, and participation in this Plan is considered participation in an “excess benefit plan,” the Participant may make an election no later than the 30th day after the last day of the first calendar year in which the Participant satisfied the requirements to become a Participant, provided that such individual has neither an accrued benefit nor been allocated any deferral under any other excess benefit plan. For this purpose, the term “excess benefit plan” means all nonqualified deferred compensation plans in which the individual participates, to the extent such plans do not provide for an election between the current compensation and deferred compensation and solely provide deferred compensation equal to the excess of the benefits the individual would have accrued under a qualified employer plan in which the individual also participates, in the absence of one or more of the limits incorporated into the plan to reflect one or more of the limits on contributions or benefits applicable to the qualified employer plan under the Code, over the benefits the individual actually accrues under the qualified employer plan, as described in Treasury Regulation Section 1.409A-2(a)(7)(iii).
- (d) Actuarially Equivalent Life Annuities. A Participant who elected an annuity option described in Section 6.2(b)(4) or (5) of this Plan may make an irrevocable election within 60 days after the Determination Date to receive his

or her benefits in the form of any other annuity option available under Section 6.2(b)(4) or (5) of this Plan. If the Participant fails to make a timely election as to the form of annuity, the Participant shall be deemed to have selected a 100% joint and survivor annuity with the Participant's Beneficiary as the survivor annuitant.

- (e) Default. If a Participant fails to make an initial payment election in the times provided in this Section 6.3, the Participant shall be deemed to have elected to receive payment of his or her Special Retirement Benefit in a lump sum on the First Date Available.

- (f) Examples.

- (1) If an individual's Employment Contract is effective May 31, 2009, and the Employment Contract provides that the Participant will receive a Special Retirement Benefit in a manner that causes this Plan not to be considered an excess benefit plan for that Participant, the Participant must make a payment election by June 30, 2009.
- (2) If an Employee is designated a Participant in 2009 because his or her compensation exceeded the limit under Section 401(a)(17) of the Code as of October 31, 2009, the Participant generally may make such an election by January 30, 2010.
- (3) A Participant made an election within 30 days of becoming eligible to participate in this Plan to receive his or her benefits in the form of a single life annuity under Section 6.2(b)(4). The Participant expects to retire June 30, 2012. At a reasonable time before the Determination Date, the Participant may make an election to receive an Actuarially Equivalent joint and survivor annuity under the Retirement Plan.

6.4 Rehired Employees. An Employee whose employment is Terminated and then subsequently hired as an Employee of a Participating Employer after January 1, 2001, may not become an active Participant in the Plan with respect to compensation earned or service after such prior Termination.

6.5 Changes to Time and Form of Payment. A Participant will not be permitted to change the form of payment of his or her Special Retirement Benefit unless (a) such election does not take effect until at least 12 months after the date on which the election is made, (b) in the case of an election related to payment not due to the Participant's Disability or death, the first payment with respect to which such new election is effective is deferred for a period of not less than five (5) years from the date such payment would otherwise have been made, and (c) any election related to a payment based upon a specific time or pursuant to a fixed schedule may not be made less than 12 months prior to the date of Termination; provided, however, that an election to change from one type of annuity payment to a different, Actuarially Equivalent type

of annuity payment shall not be considered a change to the form of payment for purposes of applying the restrictions and clauses (a), (b) and (c).

Notwithstanding the preceding paragraph of this Section 6.5, a Participant may change an election with respect to the time and form of payment of a Special Retirement Benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2008; provided that such election (a) applies only to amounts that would not otherwise be payable in the calendar year in which such election is made, and (b) shall not cause an amount to be paid in the calendar year in which the election is made that would not otherwise be payable in such year.

6.6 Disability Payments. If a Participant incurs a Disability that results in a Termination, the payment(s) of any accruals through such Termination will be governed by Section 6.2. A Participant who is receiving Disability accruals under Section 4.6 after Termination shall receive payment of the Supplemental Retirement Benefits accrued after Termination in a lump sum as soon as practicable after the Maximum Disability Period.

6.7 Cash-Outs. Notwithstanding any election made under this Plan,

- (a) if the Participant's Special Retirement Benefit has a value of \$10,000 or less on the Participant's First Date Available, the Committee may require that the full value of the Participant's Special Retirement Benefit be distributed as of the First Date Available in a single, lump sum distribution regardless of the form elected by such Participant, provided that such payment is consistent with the limited cash-out right described in Treasury Regulation Section 1.409A-3(j)(4)(v) or other guidance of the Code in that the payment results in the termination and liquidation of the entirety of the Participant's interest under each nonqualified deferred compensation plan (including all agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation 1.409A-1(c)(2) or other guidance of the Code) that is associated with this Plan; and the total payment with respect to any such single nonqualified deferred compensation plan is not greater than the applicable dollar amount under Code Section 402(g)(1)(B). Provided, however,
- (b) Payment to a Participant under any provision of this Plan will be delayed at any time that the Committee reasonably anticipates that the making of such payment will violate Federal securities laws or other applicable law; provided however, that any payments so delayed shall be paid at the earliest date at which the Committee reasonably anticipates that the making of such payment will not cause such violation.

ARTICLE VII

Death Benefits

7.1 Death of Participant Before Determination Date. Upon the death of a Participant prior to the Participant's Determination Date, the Participant's Beneficiary shall be entitled to a deceased Participant's Special Retirement Benefit under Article IV or Article V, whichever is applicable, as follows:

- (a) Calculation Methodology. Except as otherwise set forth herein, the death benefits payable under Section 7.1 of this Plan shall be calculated using the applicable methodology and subject to all limitations as provided in Article IV (including as to the applicability of plan formulas, compensation taken into account as of the first day of the month immediately following the Participant's death.
- (b) Amount.
 - (1) If either (i) the Participant's Beneficiary is not his or her Spouse or (ii) the Participant's Supplemental Retirement Benefit does not take into account the Prior Plan Formula under Section 4.4 or 4.5, the amount of the benefit under this Section 7.1 is the amount equal to the excess (if any) of:
 - (a) The Unrestricted Benefit with respect to the Participant calculated using the Cash Balance Formula; over
 - (b) The Maximum Benefit with respect to the Participant calculated using the Cash Balance Formula.
 - (2) If (i) the Participant's Beneficiary is his or her Spouse and (ii) the Participant's Supplemental Retirement Benefit is determined under Section 4.4, the benefit under this Section 7.1 is the amount equal to the excess (if any) of:
 - (a) the greater of (1) the Unrestricted Benefit with respect to the Participant calculated using the Cash Balance Formula or (2) the pre-retirement survivor annuity calculated from the Unrestricted Benefit the Participant had accrued as of July 1, 1997 using the Prior Plan Formula; over
 - (b) the greater of (1) the Maximum Benefit with respect to the Participant calculated using the Cash Balance Formula or (2) the pre-retirement survivor annuity calculated from the Maximum Benefit the Participant had accrued as of July 1, 1997 using the Final Average Pay Formula.

- (3) If (i) the Participant's Beneficiary is his or her Spouse and (ii) the Participant's Supplemental Retirement Benefit is determined under Section 4.5(b), the benefit under this Section 7.1 is the amount equal to the excess (if any) of:
 - (a) the greater of (1) the Unrestricted Benefit with respect to the Participant calculated using the Cash Balance Formula or (2) the pre-retirement survivor annuity calculated from the Unrestricted Benefit using the Prior Plan Formula; over
 - (b) the greater of (1) the Maximum Benefit with respect to the Participant calculated using the Cash Balance Formula or (2) the pre-retirement survivor annuity calculated from the Maximum Benefit using the Final Average Pay Formula.
- (4) If (i) the Participant's Beneficiary is his or her Spouse and (ii) the Participant's Supplemental Retirement Benefit is determined under Section 4.5(c), the benefit under this Section 7.1 is the annuity benefit described in paragraph (a) or (b) below, whichever has the greater Actuarially Equivalent value. Each annuity benefit will be valued at the date of the Participant's death by comparing the survivor annuity payable in the normal form under the Retirement Plan assuming that payments will commence on the first day of the month immediately following the Participant's death. The value of any annuity benefit payable that includes a cost of living adjustment shall be determined assuming that the future cost of living adjustments will be three percent (3%) per year.
 - (a) The excess, if any, of the pre-retirement survivor annuity calculated from the Unrestricted Benefit calculated using the Prior Plan Formula over the pre-retirement survivor annuity calculated from the Maximum Benefit calculated using the Prior Plan Formula.
 - (b) The excess, if any, of the Unrestricted Benefit calculated using the Cash Balance Formula over the Maximum Benefit calculated using the Cash Balance Formula.
- (c) Form. The death benefit under this Section 7.1 shall be paid in the same form applicable to the Participant in accordance with the provisions of Article VI as of the date of the Participant's death; provided to the extent the distribution would be in the form of an annuity, the death benefit shall be paid to the Beneficiary in the form of a single life annuity.

- (d) Timing. The death benefit under this Section 7.1 shall commence within 90 days after the Committee has made a final determination identifying the Participant's Beneficiary.

7.2 Death of Participant After the Determination Date. Upon the death of the Participant after the Determination Date, the Participant's Beneficiary or Beneficiaries shall receive the balance, if any, of the distributions payable under the form of distribution then in effect with respect to the Participant. If the Beneficiary is receiving benefits, the Beneficiary shall be entitled to designate a beneficiary for benefits payable upon the death of the Beneficiary.

7.3 Beneficiary Designation. Each Participant (or Beneficiary) may designate a Beneficiary or Beneficiaries who shall receive the benefits payable under this Plan following the death of the Participant. Any designation, or change or rescission of a beneficiary designation shall be made by the Participant's completion, signature and submission to the Committee of the appropriate beneficiary designation form prescribed by the Committee. A beneficiary designation form shall take effect as of the date the form is signed, provided that the Committee receives it before taking any action or making any payment to another Beneficiary named in accordance with this Plan and any procedures implemented by the Committee. If any payment is made or other action is taken before the Committee receives a beneficiary designation form, any changes made on a form received thereafter will not be given any effect. If a Participant (or Beneficiary) fails to designate a Beneficiary, or if all Beneficiaries named by the Participant (or Beneficiary) do not survive the Participant (or Beneficiary), the Participant's (or Beneficiary's) benefit will be paid to the Participant's Beneficiary or Beneficiaries as determined under the terms of the Retirement Plan as of the date of the Participant's death, but no later than the latest benefit commencement date with respect to the Participant under the Retirement Plan. The designation by a Participant of the Participant's spouse as a Beneficiary shall be considered automatically revoked as to that spouse upon the legal termination of the Participant's marriage to that spouse unless a qualified domestic relations order that provides otherwise is received by the Committee a reasonable time before the benefits commence.

ARTICLE VIII

Administration

8.1 Authority of Committee. The Committee shall administer this Plan. The Committee shall have the full power, authority and discretion to interpret this Plan and to prescribe, amend and rescind rules and regulations relating to the administration of this Plan (including, but not limited to, procedures for submitting distribution election forms and the designation of beneficiaries), and all such interpretations, rules and regulations shall be conclusive and binding on all Participants.

8.2 Ability of Committee to Delegate Authority. The Committee may employ agents, attorneys, accountants, or other persons and allocate or delegate to them powers, rights, and duties all as the Committee determines, in its sole discretion, may be necessary or advisable to properly carry out the administration of this Plan.

ARTICLE IX

Amendment or Termination

9.1 Authority to Amend or Terminate Plan. The Company intends this Plan to be permanent but reserves the right to amend or terminate this Plan when, in the sole opinion of the Company, such amendment or termination is advisable. Any such amendment or termination shall be made in accordance with a resolution of the Board of Directors of the Company.

9.2 Limitations on Amendment and Termination Authority. No amendment or termination of this Plan shall directly or indirectly (a) deprive any current or former Participant or Beneficiary of all or any portion of any Special Retirement Benefit which commenced prior to the effective date of such amendment or termination or (b) reduce any Participant's Unrestricted Benefit that had accrued as of such effective date.

ARTICLE X

Change In Control

10.1 Vesting. Notwithstanding any provisions of the Plan to the contrary, if a Change in Control, as defined in Section 10.2, of the Corporation occurs, all Special Retirement Benefits accrued as of the date of the Change in Control shall be fully vested and non-forfeitable.

10.2 Definition. A "Change in Control" of the Corporation shall be deemed to have occurred if and as of such date that (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Exchange Act")), other than any Corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation or a trustee or other fiduciary holding securities under any employee benefit plan of the Corporation, becomes "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than one-third ($\frac{1}{3}$) of the then outstanding voting stock of the Corporation; or (ii) the consummation of a merger or consolidation of the Corporation with any other entity, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least two-thirds ($\frac{2}{3}$) of the total voting power represented by the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation; or (iii) the consummation of the complete liquidation of the Corporation or the sale or disposition by the Corporation (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets.

For purposes of this Section 10.2, "Board" shall mean the Board of Directors of the Corporation, and "Director" shall mean an individual who is a member of the Board.

ARTICLE XI

Claims Procedure

11.1 Procedure for Submitting a Claim for Benefits. The following procedures shall apply with respect to claims for benefits under the Plan.

- (a) Any Participant or Beneficiary who believes he or she is entitled to receive a distribution under the Plan which he or she did not receive or that the amount calculated to be his or her Special Retirement Benefit is inaccurate, may file a written claim signed by the Participant, Beneficiary or authorized representative with the Administrator's Director - Compensation and Executive Benefits, specifying the basis for the claim. The Director - Compensation and Executive Benefits shall provide a claimant with written or electronic notification of its determination on the claim within ninety days after such claim was filed; provided, however, if the Director - Compensation and Executive Benefits determines special circumstances require an extension of time for processing the claim, the claimant shall receive within the initial ninety-day period a written notice of the extension for a period of up to ninety days from the end of the initial ninety day period. The extension notice shall indicate the special circumstances requiring the extension and the date by which the Plan expects to render the benefit determination.
- (b) If the Director - Compensation and Executive Benefits renders an adverse benefit determination under Section 11.1(a), the notification to the claimant shall set forth, in a manner calculated to be understood by the claimant:
 - (1) The specific reasons for the denial of the claim;
 - (2) Specific reference to the provisions of the Plan upon which the denial of the claim was based;
 - (3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and
 - (4) An explanation of the review procedure specified in Section 11.2, and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended, following an adverse benefit determination on review.

11.2 Procedure for Appealing an Adverse Benefit Determination. The following procedures shall apply with respect to the review on appeal of an adverse determination on a claim for benefits under the Plan.

- (a) Within sixty days after the receipt by the claimant of an adverse benefit determination, the claimant may appeal such denial by filing with the Committee a written request for a review of the claim. If such an appeal is filed within the sixty day period, the Committee, or a duly appointed representative of the Committee, shall conduct a full and fair review of such claim that takes into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The claimant shall be entitled to submit written comments, documents, records and other information relating to the claim for benefits and shall be provided, upon request and free of charge, reasonable access to, and copies of all documents, records and other information relevant to the claimant's claim for benefits. If the claimant requests a hearing on the claim and the Committee concludes such a hearing is advisable and schedules such a hearing, the claimant shall have the opportunity to present the claimant's case in person or by an authorized representative at such hearing.
- (b) The claimant shall be notified of the Committee's benefit determination on review within sixty days after receipt of the claimant's request for review, unless the Committee determines that special circumstances require an extension of time for processing the review. If the Committee determines that such an extension is required, written notice of the extension shall be furnished to the claimant within the initial sixty-day period. Any such extension shall not exceed a period of sixty days from the end of the initial period. The extension notice shall indicate the special circumstances requiring the extension and the date by which the Plan expects to render the benefit determination.
- (c) The Committee shall provide a claimant with written or electronic notification of the Plan's benefit determination on review. The determination of the Committee shall be final and binding on all interested parties. Any adverse benefit determination on review shall set forth, in a manner calculated to be understood by the claimant:
 - (1) The specific reason(s) for the adverse determination;
 - (2) Reference to the specific provisions of the Plan on which the determination was based;
 - (3) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and
 - (4) A statement of the claimant's right to bring an action under Section 502(a) of ERISA.

ARTICLE XII

Miscellaneous

12.1 No Right of Employment. Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon a Participant any right to continue in the employ of the Company.

12.2 Incompetence. In the event the Committee, in its sole discretion, shall find that a Participant, former Participant or Beneficiary is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, the Committee may direct that any payment due the Participant or the Beneficiary be paid, unless a prior claim shall have been made by a duly appointed legal representative, to the Participant's Spouse, a child, a parent or other blood relative, or to a person with whom the Participant resides, and any such payment so made shall be a complete discharge of the liabilities of the Plan and the Company and the Participating Employer with respect to such Participant or Beneficiary.

12.3 Relationship with Retirement Plan. Except as otherwise expressly provided herein, all terms, conditions and actuarial assumptions of the Retirement Plan applicable to benefits payable under the terms of the Retirement Plan shall also be applicable to the Special Retirement Benefits paid under the terms of the Plan.

12.4 Unsecured General Creditor. The Special Retirement Benefits paid under the Plan shall not be funded, but shall constitute liabilities of the Participating Employers to be paid out of general corporate assets. Nothing contained in the Plan shall constitute a guaranty by the Participating Employers or any other entity or person that the assets of a particular Participating Employer will be sufficient to pay any benefit hereunder. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of a Participating Employer. For purposes of the payment of benefits under this Plan, any and all of a Participating Employer's assets shall be, and remain, the general, unrestricted assets of the Participating Employer. A Participating Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

12.5 Non-Assignability. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, mortgage or otherwise encumber, transfer, alienate or convey in advance of actual receipt, the amounts, if any, payable under this Plan. Such amounts payable, or any part thereof, and all rights to such amounts payable are not assignable and are not transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person. Additionally, no part of any amounts payable shall, prior to actual payment, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise, except that if necessary to comply with a "qualified domestic relations order," as defined in ERISA Section 206(d), pursuant to which a court has determined that a Spouse or former Spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall distribute the Spouse's or former spouse's interest in the Participant's benefits under the Plan to such Spouse or former Spouse in

accordance with the Participant's election under this Plan as to the time and form of payment; provided, however, that the Spouse's or former Spouse's benefit will be subject to the automatic cash-out provisions of Section 6.7 as a separate benefit.

12.6 Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

12.7 Governing Law. The Plan shall be construed and administered according to the applicable provisions of ERISA and the laws of the State of Ohio.

12.8 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan. Instead, this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

12.9 Successors. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

12.10 Notice. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

American Electric Power Service Corporation
Attn: Executive Benefits
One Riverside Plaza
Columbus, Ohio 43215

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

12.11 Tax Withholding. There shall be deducted from each payment made under this Plan or any other compensation payable to the Participant (or Beneficiary) all taxes that are required to be withheld by the Company in respect to any payment under this Plan. The Company shall have the right to reduce any payment (or compensation) by the amount of cash sufficient to provide the amount of such taxes.

Executed at Columbus, Ohio this 30th day of December, 2019.

American Electric Power Service Corporation

By: /s/ Tracy A. Elich
Tracy A. Elich, Vice President - Human
Resources for the AEP System

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Section 6: EX-13 (ANNUAL REPORT)

2019 Annual Reports

American Electric Power Company, Inc. and Subsidiary Companies

AEP Texas Inc. and Subsidiaries

AEP Transmission Company, LLC and Subsidiaries

Appalachian Power Company and Subsidiaries

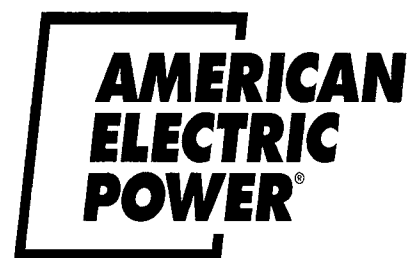
Indiana Michigan Power Company and Subsidiaries

Ohio Power Company and Subsidiaries

Public Service Company of Oklahoma

Southwestern Electric Power Company Consolidated

Audited Financial Statements and
Management's Discussion and Analysis of Financial Condition and Results of Operations



BOUNDLESS ENERGYSM

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES

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GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned consolidated subsidiaries and consolidated affiliates.
AEP Credit	AEP Credit, Inc., a consolidated variable interest entity of AEP which securitizes accounts receivable and accrued utility revenues for affiliated electric utility companies.
AEP Energy	AEP Energy, Inc., a wholly-owned retail electric supplier for customers in Ohio, Illinois and other deregulated electricity markets throughout the United States.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Texas	AEP Texas Inc., an AEP electric utility subsidiary.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEP Utilities	AEP Utilities, Inc., a former subsidiary of AEP and holding company for TCC, TNC and CSW Energy, Inc. Effective December 31, 2016, TCC and TNC were merged into AEP Utilities, Inc. Subsequently following this merger, the assets and liabilities of CSW Energy, Inc. were transferred to a competitive affiliate company and AEP Utilities, Inc. was renamed AEP Texas Inc.
AEP Wind Holdings LLC	Acquired in April 2019 as Sempra Renewables LLC, develops, owns and operates, or holds interests in, wind generation facilities in the United States.
AEPEP	AEP Energy Partners, Inc., a subsidiary of AEP dedicated to wholesale marketing and trading, hedging activities, asset management and commercial and industrial sales in deregulated markets.
AEPRO	AEP River Operations, LLC, a commercial barge operation sold in November 2015.
AEpsc	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a wholly-owned subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns the State Transcos.
AEPTCo Parent	AEP Transmission Company, LLC, the holding company of the State Transcos within the AEPTCo consolidation.
AFUDC	Allowance for Funds Used During Construction.
AGR	AEP Generation Resources Inc., a competitive AEP subsidiary in the Generation & Marketing segment.
ALJ	Administrative Law Judge.
AOCl	Accumulated Other Comprehensive Income.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
Appalachian Consumer Rate Relief Funding	Appalachian Consumer Rate Relief Funding LLC, a wholly-owned subsidiary of APCo and a consolidated variable interest entity formed for the purpose of issuing and servicing securitization bonds related to the under-recovered ENEC deferral balance.

APSC	Arkansas Public Service Commission.
ARAM	Average Rate Assumption Method, an IRS approved method used to calculate the reversal of Excess ADIT for ratemaking purposes.
ARO	Asset Retirement Obligations.
ASU	Accounting Standards Update.
CAA	Clean Air Act.
CLECO	Central Louisiana Electric Company, a nonaffiliated utility company.
CO ₂	Carbon dioxide and other greenhouse gases.
Conesville Plant	A single unit coal-fired generation plant totaling 651 MW located in Conesville, Ohio. The plant is jointly owned by AGR and a nonaffiliate.

Term	Meaning
Cook Plant	Donald C. Cook Nuclear Plant, a two-unit, 2,288 MW nuclear plant owned by I&M.
CRES provider	Competitive Retail Electric Service providers under Ohio law that target retail customers by offering alternative generation service.
CSAPR	Cross-State Air Pollution Rule.
CWA	Clean Water Act.
CWIP	Construction Work in Progress.
DCC Fuel	DCC Fuel IX, DCC Fuel X, DCC Fuel XI, DCC Fuel XII, DCC Fuel XIII, and DCC Fuel XIV consolidated variable interest entities formed for the purpose of acquiring, owning and leasing nuclear fuel to I&M.
DOE	U. S. Department of Energy.
Desert Sky	Desert Sky Wind Farm, a 168 MW wind electricity generation facility located on Indian Mesa in Pecos County, Texas.
DHLC	Dolet Hills Lignite Company, LLC, a wholly-owned lignite mining subsidiary of SWEPCo.
DIR	Distribution Investment Rider.
EIS	Energy Insurance Services, Inc., a nonaffiliated captive insurance company and consolidated variable interest entity of AEP.
ENEC	Expanded Net Energy Cost.
Energy Supply	AEP Energy Supply LLC, a nonregulated holding company for AEP's competitive generation, wholesale and retail businesses, and a wholly-owned subsidiary of AEP.
Equity Units	AEP's Equity Units issued in March 2019.
ERCOT	Electric Reliability Council of Texas regional transmission organization.
ESP	Electric Security Plans, a PUCO requirement for electric utilities to adjust their rates by filing with the PUCO.
ETT	Electric Transmission Texas, LLC, an equity interest joint venture between AEP Transmission Holdco and Berkshire Hathaway Energy Company formed to own and operate electric transmission facilities in ERCOT.
Excess ADIT	Excess accumulated deferred income taxes.
FAC	Fuel Adjustment Clause.
FASB	Financial Accounting Standards Board.
Federal EPA	United States Environmental Protection Agency.
FERC	Federal Energy Regulatory Commission.
FGD	Flue Gas Desulfurization or scrubbers.
FIP	Federal Implementation Plan.
FTR	Financial Transmission Right, a financial instrument that entitles the holder to receive compensation for certain congestion-related transmission charges that arise when the power grid is congested resulting in differences in locational prices.
GAAP	Accounting Principles Generally Accepted in the United States of America.
Global Settlement	In February 2017, the PUCO approved a settlement agreement filed by OPCo in December 2016 which resolved all remaining open issues on remand from the Supreme Court of Ohio in OPCo's 2009 - 2011 and June 2012 - May 2015 ESP filings. It also resolved

all open issues in OPCo's 2009, 2014 and 2015 SEET filings and 2009, 2012 and 2013 FAC Audits.

I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IRS	Internal Revenue Service.
ITC	Investment Tax Credit
IURC	Indiana Utility Regulatory Commission.
KGPCo	Kingsport Power Company, an AEP electric utility subsidiary.
KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
kV	Kilovolt.
KWh	Kilowatt-hour.
LPSC	Louisiana Public Service Commission.
MATS	Mercury and Air Toxics Standards.

Term	Meaning
MISO	Midwest Independent Transmission System Operator.
MMBtu	Million British Thermal Units.
MPSC	Michigan Public Service Commission.
MTM	Mark-to-Market.
MW	Megawatt.
MWh	Megawatt-hour.
NAAQS	National Ambient Air Quality Standards.
Nonutility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain nonutility subsidiaries.
North Central Wind Energy Facilities	A proposed joint PSO and SWEPCo project, which includes three Oklahoma wind facilities totaling approximately 1,485 MWs of wind generation.
NO ₂	Nitrogen dioxide.
NO _x	Nitrogen oxide.
NPDES	National Pollutant Discharge Elimination System.
NRC	Nuclear Regulatory Commission.
NSR	New Source Review.
OATT	Open Access Transmission Tariff.
OCC	Corporation Commission of the State of Oklahoma.
Ohio Phase-in-Recovery Funding	Ohio Phase-in-Recovery Funding LLC, a wholly-owned subsidiary of OPCo and a consolidated variable interest entity formed for the purpose of issuing and servicing securitization bonds related to phase-in recovery property.
Oklunion Power Station	A single unit coal-fired generation plant totaling 650 MW located in Vernon, Texas. The plant is jointly owned by AEP Texas, PSO and certain nonaffiliated entities.
OPCo	Ohio Power Company, an AEP electric utility subsidiary.
OPEB	Other Postretirement Benefits.
Operating Agreement	Agreement, dated January 1, 1997, as amended, by and among PSO and SWEPCo governing generating capacity allocation, energy pricing, and revenues and costs of third-party sales. AEPSC acts as the agent.
OSS	Off-system Sales.
OTC	Over-the-counter.
OVEC	Ohio Valley Electric Corporation, which is 43.47% owned by AEP.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PCA	Power Coordination Agreement among APCo, I&M, KPCo and WPCo.
PJM	Pennsylvania – New Jersey – Maryland regional transmission organization.
PM	Particulate Matter.
PPA	Purchase Power and Sale Agreement.
Price River	Rights and interests in certain coal reserves located in Carbon County, Utah.
PSO	Public Service Company of Oklahoma, an AEP electric utility subsidiary.
PTC	Production Tax Credits.

PUCO	Public Utilities Commission of Ohio.
PUCT	Public Utility Commission of Texas.
Racine	A generation plant consisting of two hydroelectric generating units totaling 48 MWs located in Racine, Ohio and owned by AGR.
Registrant Subsidiaries	AEP subsidiaries which are SEC registrants: AEP Texas, AEPTCo, APCo, I&M, OPCo, PSO and SWEPCo.
Registrants	SEC registrants: AEP, AEP Texas, AEPTCo, APCo, I&M, OPCo, PSO and SWEPCo.
REP	Texas Retail Electric Provider.
Restoration Funding	AEP Texas Restoration Funding LLC, a wholly-owned subsidiary of AEP Texas and a consolidated VIE formed for the purpose of issuing and servicing securitization bonds related to storm restoration in Texas primarily caused by Hurricane Harvey.
Risk Management Contracts	Trading and non-trading derivatives, including those derivatives designated as cash flow and fair value hedges.

Term	Meaning
Rockport Plant	A generation plant, consisting of two 1,310 MW coal-fired generating units near Rockport, Indiana. AEGCo and I&M jointly-own Unit 1. In 1989, AEGCo and I&M entered into a sale-and-leaseback transaction with Wilmington Trust Company, an unrelated, unconsolidated trustee for Rockport Plant, Unit 2.
ROE	Return on Equity.
RPM	Reliability Pricing Model.
RTO	Regional Transmission Organization, responsible for moving electricity over large interstate areas.
Sabine	Sabine Mining Company, a lignite mining company that is a consolidated variable interest entity for AEP and SWEPCo.
Santa Rita East	Santa Rita East Wind Holdings, LLC, a consolidated VIE whose sole purpose is to own and operate a 302 MW wind generation facility in west Texas in which AEP owns a 75% interest.
SEC	U.S. Securities and Exchange Commission.
SEET	Significantly Excessive Earnings Test.
Sempra Renewables LLC	Sempra Renewables LLC, acquired in April 2019, consists of 724 MWs of wind generation and battery assets in the United States.
SIA	System Integration Agreement, effective June 15, 2000, as amended, provides contractual basis for coordinated planning, operation and maintenance of the power supply sources of the combined AEP.
SIP	State Implementation Plan.
SNF	Spent Nuclear Fuel.
SO ₂	Sulfur dioxide.
SPP	Southwest Power Pool regional transmission organization.
SSO	Standard service offer.
State Transcos	AEPTCo's seven wholly-owned, FERC regulated, transmission only electric utilities, each of which is geographically aligned with AEP existing utility operating companies.
SWEPCo	Southwestern Electric Power Company, an AEP electric utility subsidiary.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the "Tax Cuts and Jobs Act" (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
TCC	Formerly AEP Texas Central Company, now a division of AEP Texas.
Texas Restructuring Legislation	Legislation enacted in 1999 to restructure the electric utility industry in Texas.
TNC	Formerly AEP Texas North Company, now a division of AEP Texas.
Transition Funding	AEP Texas Central Transition Funding II LLC and AEP Texas Central Transition Funding III LLC, wholly-owned subsidiaries of TCC and consolidated variable interest entities formed for the purpose of issuing and servicing securitization bonds related to Texas Restructuring Legislation.

Transource Energy	Transource Energy, LLC, a consolidated variable interest entity formed for the purpose of investing in utilities which develop, acquire, construct, own and operate transmission facilities in accordance with FERC-approved rates.
Trent	Trent Wind Farm, a 154 MW wind electricity generation facility located between Abilene and Sweetwater in West Texas.
Turk Plant	John W. Turk, Jr. Plant, a 600 MW coal-fired plant in Arkansas that is 73% owned by SWEPCo.
UMWA	United Mine Workers of America.
UPA	Unit Power Agreement.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
VIE	Variable Interest Entity.
Virginia SCC	Virginia State Corporation Commission.

Term	Meaning
Wind Catcher Project	Wind Catcher Energy Connection Project, a joint PSO and SWEPCo project that was cancelled in July 2018. The estimated \$4.5 billion project included the acquisition of a wind generation facility, totaling approximately 2,000 MWs of wind generation, and the construction of a generation interconnection tie-line totaling approximately 350 miles.
WPCo	Wheeling Power Company, an AEP electric utility subsidiary.
WVPSC	Public Service Commission of West Virginia.

FORWARD-LOOKING INFORMATION

This report made by the Registrants contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Many forward-looking statements appear in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations,” but there are others throughout this document which may be identified by words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “will,” “should,” “could,” “would,” “project,” “continue” and similar expressions, and include statements reflecting future results or guidance and statements of outlook. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements in this document are presented as of the date of this document. Except to the extent required by applicable law, management undertakes no obligation to update or revise any forward-looking statement. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are:

- Changes in economic conditions, electric market demand and demographic patterns in AEP service territories.
- Inflationary or deflationary interest rate trends.
- Volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt.
- The availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material.
- Decreased demand for electricity.
- Weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs.
- The cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and SNF.
- The availability of fuel and necessary generation capacity and the performance of generation plants.
- The ability to recover fuel and other energy costs through regulated or competitive electric rates.
- The ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs.
- New legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or PM and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets.
- Evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel.
- Timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance.
- Resolution of litigation.
- The ability to constrain operation and maintenance costs.
- Prices and demand for power generated and sold at wholesale.
- Changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation.
- The ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives.
- Volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas.
- Changes in utility regulation and the allocation of costs within RTOs including ERCOT, PJM and SPP.

- Changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market.
- Actions of rating agencies, including changes in the ratings of debt.
- The impact of volatility in the capital markets on the value of the investments held by the pension, OPEB, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements.
- Accounting standards periodically issued by accounting standard-setting bodies.

- Other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events.
- The ability to attract and retain the requisite work force and key personnel.

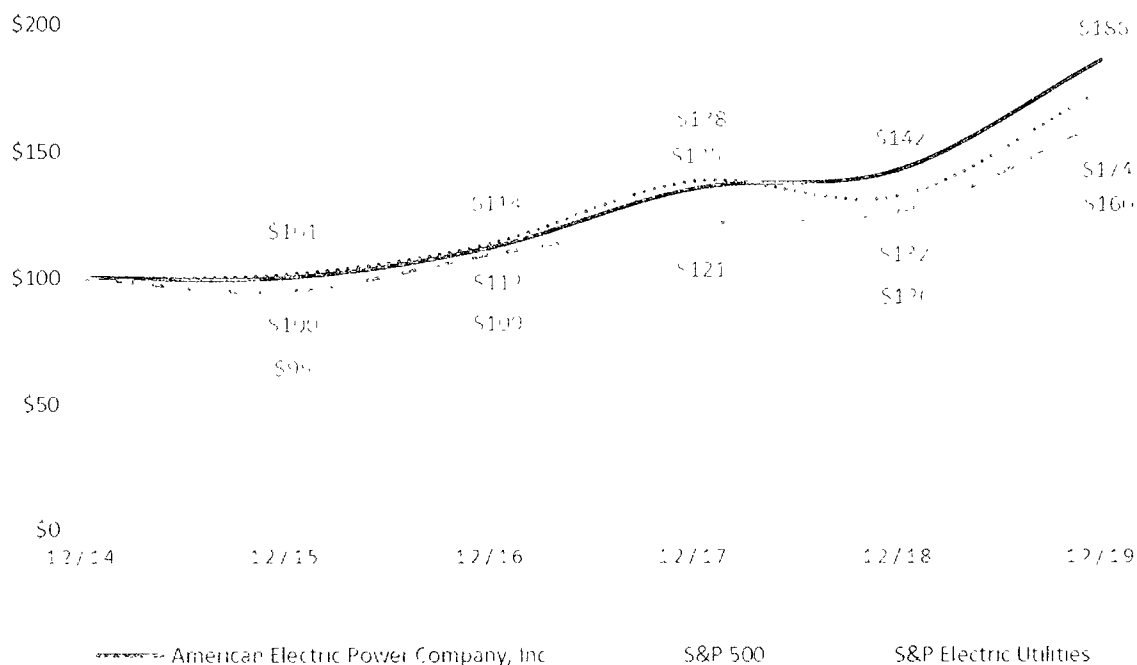
The forward-looking statements of the Registrants speak only as of the date of this report or as of the date they are made. The Registrants expressly disclaim any obligation to update any forward-looking information, except as required by law. For a more detailed discussion of these factors, see “Risk Factors” in Part I of this report.

Investors should note that the Registrants announce material financial information in SEC filings, press releases and public conference calls. Based on guidance from the SEC, the Registrants may use the Investors section of AEP’s website (www.aep.com) to communicate with investors about the Registrants. It is possible that the financial and other information posted there could be deemed to be material information. The information on AEP’s website is not part of this report.

AEP COMMON STOCK INFORMATION

AEP common stock is principally traded using the trading symbol “AEP” on the New York Stock Exchange. As of December 31, 2019, AEP had approximately 57,000 registered shareholders.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN* AMONG AMERICAN ELECTRIC POWER COMPANY, INC., THE S&P 500 INDEX AND THE S&P ELECTRIC UTILITIES INDEX



*\$100 invested on 12/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31

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AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES
SELECTED CONSOLIDATED FINANCIAL DATA

	2019 (a)	2018	2017	2016	2015
	(dollars in millions, except per share amounts)				
STATEMENTS OF INCOME DATA					
Total Revenues	\$ 15,561.4	\$ 16,195.7	\$ 15,424.9	\$ 16,380.1	\$ 16,453.2
Operating Income	\$ 2,592.3	\$ 2,682.7	\$ 3,525.0	\$ 1,163.9	\$ 3,292.4
Income from Continuing Operations	\$ 1,919.8	\$ 1,931.3	\$ 1,928.9	\$ 620.5	\$ 1,768.6
Income (Loss) From Discontinued Operations, Net of Tax	—	—	—	(2.5)	283.7
Net Income	1,919.8	1,931.3	1,928.9	618.0	2,052.3
Net Income (Loss) Attributable to Noncontrolling Interest	(1.3)	7.5	16.3	7.1	5.2
EARNINGS ATTRIBUTABLE TO AEP COMMON SHAREHOLDERS					
	\$ 1,921.1	\$ 1,923.8	\$ 1,912.6	\$ 610.9	\$ 2,047.1
BALANCE SHEETS DATA					
Total Property, Plant and Equipment	\$ 79,145.7	\$ 73,085.2	\$ 67,428.5	\$ 62,036.6	\$ 65,481.4
Accumulated Depreciation and Amortization	19,007.6	17,986.1	17,167.0	16,397.3	19,348.2
Total Property, Plant and Equipment – Net	\$ 60,138.1	\$ 55,099.1	\$ 50,261.5	\$ 45,639.3	\$ 46,133.2
Total Assets	\$ 75,892.3	\$ 68,802.8	\$ 64,729.1	\$ 63,467.7	\$ 61,683.1
Total AEP Common Shareholders' Equity	\$ 19,632.2	\$ 19,028.4	\$ 18,287.0	\$ 17,397.0	\$ 17,891.7
Noncontrolling Interests	\$ 281.0	\$ 31.0	\$ 26.6	\$ 23.1	\$ 13.2
Long-term Debt (b)	\$ 26,725.5	\$ 23,346.7	\$ 21,173.3	\$ 20,256.4	\$ 19,572.7
Obligations Under Finance Leases (b)	\$ 306.8	\$ 289.0	\$ 297.8	\$ 305.5	\$ 343.5
Obligations Under Operating Leases (b) (c)	\$ 968.7	\$ —	\$ —	\$ —	\$ —
AEP COMMON STOCK DATA					
Basic Earnings (Loss) per Share Attributable to AEP Common Shareholders:					
From Continuing Operations	\$ 3.89	\$ 3.90	\$ 3.89	\$ 1.25	\$ 3.59
From Discontinued Operations	—	—	—	(0.01)	0.58

Total Basic Earnings per Share Attributable to AEP Common Shareholders	<u>\$ 3.89</u>	<u>\$ 3.90</u>	<u>\$ 3.89</u>	<u>\$ 1.24</u>	<u>\$ 4.17</u>
Weighted Average Number of Basic Shares Outstanding (in millions)	493.7	492.8	491.8	491.5	490.3
Market Price Range:					
High	\$ 96.22	\$ 81.05	\$ 78.07	\$ 71.32	\$ 65.38
Low	\$ 72.26	\$ 62.71	\$ 61.82	\$ 56.75	\$ 52.29
Year-end Market Price	\$ 94.51	\$ 74.74	\$ 73.57	\$ 62.96	\$ 58.27
Cash Dividends Declared per AEP Common Share	\$ 2.71	\$ 2.53	\$ 2.39	\$ 2.27	\$ 2.15
Dividend Payout Ratio	69.67%	64.87%	61.44%	183.06%	51.56%
Book Value per AEP Common Share	\$ 39.73	\$ 38.58	\$ 37.17	\$ 35.38	\$ 36.44
<p>(a) The 2019 financial results include pretax asset impairments of \$156 million. See Note 7 - Acquisitions, Dispositions and Impairments for additional information.</p> <p>(b) Includes portion due within one year.</p> <p>(c) Reflects the adoption of ASU 2016-02 "Accounting for Leases." See Note 2 - New Accounting Standards and Note 13 - Leases for additional information.</p>					

AMERICAN ELECTRIC POWER COMPANY, INC. AND SUBSIDIARY COMPANIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

Company Overview

AEP is one of the largest investor-owned electric public utility holding companies in the United States. AEP's electric utility operating companies provide generation, transmission and distribution services to more than five million retail customers in Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

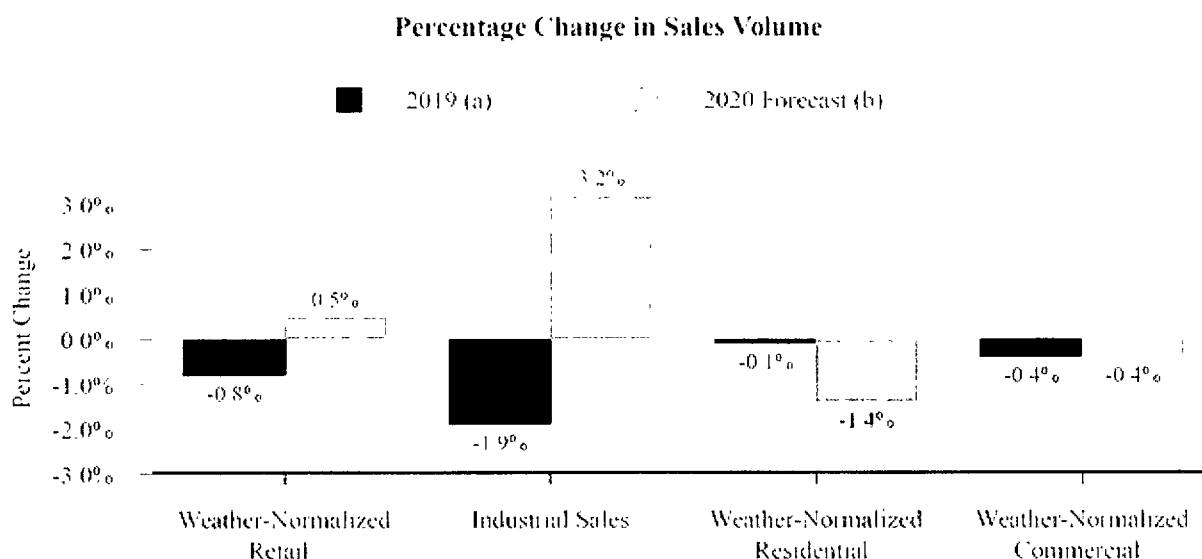
AEP's subsidiaries operate an extensive portfolio of assets including:

- Approximately 221,000 miles of distribution lines that deliver electricity to 5.5 million customers.
- Approximately 40,000 circuit miles of transmission lines, including approximately 2,200 circuit miles of 765 kV lines, the backbone of the electric interconnection grid in the eastern United States.
- Approximately 22,000 MWs of regulated owned generating capacity and approximately 4,900 MWs of regulated PPA capacity in 3 RTOs as of December 31, 2019, one of the largest complements of generation in the United States.

Customer Demand

AEP's weather-normalized retail sales volumes for the year ended December 31, 2019 decreased by 0.8% from the year ended December 31, 2018. AEP's 2019 industrial sales volumes decreased 1.9% compared to 2018. The decline in industrial sales was spread across most operating companies and many industries. Weather-normalized residential sales decreased 0.1% despite a 0.3% growth in customer counts. Weather-normalized commercial sales decreased by 0.4% in 2019 compared to 2018.

In 2020, AEP anticipates weather-normalized retail sales volumes will increase by 0.5%. The industrial class is expected to increase by 3.2% in 2020, while weather-normalized residential sales volumes are projected to decrease by 1.4%. Weather-normalized commercial sales volumes are projected to decrease by 0.4%.



- (a) Percentage change for the year ended December 31, 2019 as compared to the year ended December 31, 2018.
(b) Forecasted percentage change for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Regulatory Matters

AEP's public utility subsidiaries are involved in rate and regulatory proceedings at the FERC and their state commissions. Depending on the outcomes, these rate and regulatory proceedings can have a material impact on results of operations, cash flows and possibly financial condition. AEP is currently involved in the following key proceedings. See Note 4 - Rate Matters for additional information.

- *2019 Texas Base Rate Case* - In May 2019, AEP Texas filed a request with the PUCT for a \$56 million annual increase in rates based upon a proposed 10.5% return on common equity. In November 2019, ALJs issued a Proposal for Decision recommending a \$60 million annual rate reduction based upon a 9.4% return on common equity. The ALJs recommended disallowances that could potentially result in write-offs of \$84 million related to capital incentives and \$5 million related to other plant additions. Additionally, the ALJs recommended that AEP Texas should be required to file an application for a separate proceeding to determine if any refunds are required associated with any disallowances on distribution or transmission capital investments. In February 2020, AEP Texas, the PUCT staff and various intervenors filed a stipulation and settlement agreement with the PUCT. The agreement includes a proposed annual base rate reduction of \$40 million based upon a 9.4% return on common equity with a capital structure of 57.5% debt and 42.5% common equity. The agreement provides recovery of \$26 million in capitalized vegetation management expenses that were incurred through 2018. The agreement includes disallowances of \$23 million related to capital investments recorded through 2018 and \$4 million related to rate case expenses. In addition, AEP Texas will refund: (a) \$77 million of Excess ADIT and excess federal income taxes collected as a result of Tax Reform to distribution customers over a one year period, (b) \$31 million of Excess ADIT and excess federal income taxes collected as a result of Tax Reform to transmission customers as a one-time credit and (c) \$30 million of previously collected rates that were subject to reconciliation in this proceeding over a one year period with no carrying costs. As a result of the stipulation and settlement agreement, AEP Texas (a) recorded an impairment of \$33 million in December 2019 related to capital investments, which included \$10 million of current year investments, (b) recorded a \$30 million provision for refund for revenues previously collected through rates and (c) wrote-off \$4 million of rate case expenses. The PUCT is expected to issue an order in the first quarter of 2020.
- *2019 Indiana Base Rate Case* - In May 2019, I&M filed a request with the IURC for a \$172 million annual increase. The requested increase in Indiana rates would be phased in through January 2021 and is based upon a proposed 10.5% return on common equity. In August 2019, certain intervenors filed testimony that includes recommended disallowances that could potentially result in write-offs of \$41 million related to the remaining book value of existing Indiana jurisdictional meters if I&M is approved to deploy Automated Metering Infrastructure meters and \$11 million associated with certain Cook Plant study costs. The IURC is expected to issue an order on this case in the first quarter of 2020.
- *Virginia Legislation Affecting Earnings Reviews* - In March 2018, Virginia enacted legislation requiring APCo to file its next generation and distribution base rate case by March 31, 2020 using 2017, 2018 and 2019 test years (triennial review). Triennial reviews are subject to an earnings test which provides that 70% of any earnings in excess of 70 basis points above APCo's Virginia SCC authorized ROE would be refunded to customers. Virginia law provides that costs associated with asset impairments of retired coal generation assets, or automated meters, or both, which a utility records as an expense, shall be attributed to the test periods under review in a triennial review proceeding, and be deemed recovered. Based on management's interpretation of Virginia law and more certainty regarding APCo's triennial revenues, expenses and resulting earnings upon reaching the end of the three-year review period, APCo recorded a pretax expense of \$93 million related to its previously retired coal-fired generation assets in December 2019. This expense is included in Asset Impairments and Other Related Charges on the statements of income. As a result, management deems these costs to be substantially recovered by APCo during the triennial review period. Inclusive of the \$93 million expense associated with APCo's Virginia jurisdictional retired coal-fired plants, APCo estimates its Virginia earnings for the triennial period to be below the authorized ROE range.

- *2020 Increase in West Virginia Retail Rates for WPCo 17.5% Merchant Share of Mitchell Plant* - In 2015, the WVPSC approved a settlement agreement in which 82.5% of the West Virginia jurisdictional costs associated with WPCo's acquired interest were prospectively reflected in retail rates with the remaining 17.5% of costs associated with the acquired interest to be included in rates starting January 2020. APCo and WPCo file joint retail rates in West Virginia. In June 2019, APCo and WPCo filed with the WVPSC to increase each company's retail rates through a surcharge to reflect the recovery of WPCo's remaining 17.5% interest in the Mitchell Plant. In December 2019, the WVPSC issued an order approving a stipulation and settlement agreement that will allow APCo and WPCo to recover the remaining 17.5% West Virginia share of costs related to the Mitchell Plant and increase pretax earnings on a combined company basis by approximately \$21 million annually beginning January 1, 2020.
- *2012 Texas Base Rate Case* - In 2012, SWEPCo filed a request with the PUCT to increase annual base rates primarily due to the completion of the Turk Plant. In 2013, the PUCT issued an order affirming the prudence of the Turk Plant. In July 2018, the Texas Third Court of Appeals reversed the PUCT's judgment affirming the prudence of the Turk Plant and remanded the issue back to the PUCT. In January 2019, SWEPCo and the PUCT filed petitions for review with the Texas Supreme Court. In May 2019, various intervenors filed replies to the petition. In July 2019, SWEPCo filed its response to these replies. In the fourth quarter of 2019 and first quarter of 2020, SWEPCo and various intervenors filed briefs with the Texas Supreme Court. As of December 31, 2019, the net book value of Turk Plant was \$1.5 billion, before cost of removal, including materials and supplies inventory and CWIP. SWEPCo's Texas jurisdictional share of the Turk Plant investment is approximately 33%.
- In July 2019, clean energy legislation which offers incentives for power-generating facilities with zero or reduced carbon emissions was signed into law by the Ohio Governor. The clean energy legislation phases out current energy efficiency including lost shared savings revenues of \$26 million annually and renewable mandates no later than 2020 and after 2026, respectively. The bill provides for the recovery of existing renewable energy contracts on a bypassable basis through 2032. The clean energy legislation also includes a provision for recovery of OVEC costs through 2030 which will be allocated to all electric distribution utilities on a non-bypassable basis. OPCo's Inter-Company Power Agreement for OVEC terminates in June 2040. To the extent that OPCo is unable to recover the costs of renewable energy contracts on a bypassable basis by the end of 2032, recover costs of OVEC after 2030 or fully recover energy efficiency costs through 2020 it could reduce future net income and cash flows and impact financial condition.

Utility Rates and Rate Proceedings

The Registrants file rate cases with their regulatory commissions in order to establish fair and appropriate electric service rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Registrants' current and future results of operations, cash flows and financial position.

The following tables show the Registrants' completed and pending base rate case proceedings in 2019. See Note 4 - Rate Matters for additional information.

Completed Base Rate Case Proceedings

Company	Jurisdiction	Approved Revenue Requirement Increase	Approved ROE	New Rates Effective
		(in millions)		
APCo	West Virginia	\$ 35.8	9.75%	March 2019
WPCo	West Virginia	8.4	9.75%	March 2019
PSO	Oklahoma	46.0	9.4%	April 2019
SWEPCo	Arkansas	52.8	9.45%	January 2020
I&M	Michigan	36.4	9.86%	February 2020

Pending Base Rate Case Proceedings

Company	Jurisdiction	Filing Date	Requested Revenue Requirement Increase (in millions)	Requested ROE	Commission Staff/ Intervenor Range of Recommended ROE
AEP Texas (a)	Texas	May 2019	\$ 56.0	10.5%	9% - 9.35%
I&M	Indiana	May 2019	172.0	10.5%	9% - 9.73%

- (a) In February 2020, AEP Texas, the PUCT staff and various intervenors filed a stipulation and settlement agreement with the PUCT that includes a proposed annual base rate reduction of \$40 million based upon a 9.4% return on common equity. See “2019 Texas Base Rate Case” section of Note 4 for additional information.

Dolet Hills Power Station and Related Fuel Operations

During the second quarter of 2019, the Dolet Hills Power Station initiated a seasonal operating schedule. In January 2020, in accordance with the terms of SWEPCo’s settlement of its base rate review filed with the APSC, management announced that SWEPCo will seek regulatory approval to retire the Dolet Hills Power Station by the end of 2026. Management also continues to monitor the economic viability of the Dolet Hills Power Station and DHLC mining operations, which may result in a decision to seek permission from appropriate regulatory agencies to discontinue operations earlier than 2026.

The Dolet Hills Power Station costs are recoverable by SWEPCo through base rates. SWEPCo’s share of the net investment in the Dolet Hills Power Station is \$157 million, including CWIP and materials and supplies, before cost of removal.

Fuel costs incurred by the Dolet Hills Power Station are recoverable by SWEPCo through active fuel clauses. Under the Lignite Mining Agreement, DHLC bills SWEPCo its proportionate share of incurred lignite extraction and associated mining-related costs as fuel is delivered. As of December 31, 2019, DHLC has unbilled fixed costs of \$106 million that will be billed to SWEPCo prior to the closure of the Dolet Hills Power Station. In 2009, SWEPCo acquired interests in the Oxbow Lignite Company (Oxbow), which owns mineral rights and leases land. Under a Joint Operating Agreement pertaining to the Oxbow mineral rights and land leases, Oxbow bills SWEPCo its proportionate share of incurred costs. As of December 31, 2019, Oxbow has unbilled fixed costs of \$22 million that will be billed to SWEPCo prior to the closure of the Dolet Hills Power Station. Additional operational and land-related costs are expected to be incurred by DHLC and Oxbow and billed to SWEPCo prior to the closure of the Dolet Hills Power Station and recovered through fuel clauses.

If any of these costs are not recoverable, it could reduce future net income and cash flows and impact financial condition.

Renewable Generation

The growth of AEP’s renewable generation portfolio reflects the company’s strategy to diversify generation resources to provide clean energy options to customers that meet both their energy and capacity needs.

Contracted Renewable Generation Facilities

AEP continues to develop its renewable portfolio within the Generation & Marketing segment. Activities include working directly with wholesale and large retail customers to provide tailored solutions based upon market knowledge, technology innovations and deal structuring which may include distributed solar, wind, combined heat and power, energy storage, waste heat recovery, energy efficiency, peaking generation and other forms of cost reducing energy technologies. The Generation & Marketing segment also develops and/or acquires large scale renewable generation projects that are backed with long-term contracts with creditworthy counterparties.

In April 2019, AEP acquired Sempra Renewables LLC and its ownership interests in 724 MWs of wind generation and battery assets valued at approximately \$1.1 billion. AEP paid \$580 million in cash and acquired a 50% ownership interest in five non-consolidated joint ventures with net assets valued at \$404 million as of the acquisition date (which includes \$364 million of existing debt obligations). Additionally, the transaction included the acquisition of two tax

equity partnerships and the associated recognition of noncontrolling tax equity interest of \$135 million. The wind generation portfolio includes seven wind farms with long-term PPAs for 100% of their energy production. Five of the wind farms are jointly-owned with BP Wind Energy and two wind farms are consolidated by AEP and are tax equity partnerships with nonaffiliated noncontrolling interests. See “Acquisitions” section of Note 7 for additional information.

In July 2019, AEP acquired a 75% interest, or 227 MWs, in Santa Rita East for approximately \$356 million. The project is located in west Texas and was placed in-service in July 2019. Long-term virtual power purchase agreements are in place with nonaffiliates for the project’s generation. See “Acquisitions” section of Note 7 for additional information.

As of December 31, 2019, subsidiaries within AEP’s Generation & Marketing segment had approximately 1,421 MWs of contracted renewable generation projects in-service. In addition, as of December 31, 2019, these subsidiaries had approximately 156 MWs of renewable generation projects under construction with total estimated capital costs of \$229 million related to these projects.

Regulated Renewable Generation Facilities

In September 2018, OPCo, consistent with its commitment in the previously approved PPA application, submitted a filing with the PUCO demonstrating a need for up to 900 MWs of economically beneficial renewable resources in Ohio. This filing was followed by a separate filing for two solar Renewable Energy Purchase Agreements totaling 400 MWs. In January 2019, PUCO staff recommended that the PUCO reject OPCo’s request. In November 2019, PUCO denied OPCo’s application for a resource planning need finding. In December 2019, OPCo filed an Application for Rehearing, which was also denied.

In July 2019, PSO and SWEPCo submitted filings before their respective commissions for the approval to acquire the North Central Wind Energy Facilities, comprised of three Oklahoma wind facilities totaling 1,485 MWs, on a fixed cost turn-key basis at completion. Subject to regulatory approval, PSO will own 45.5% and SWEPCo will own 54.5% of the project, which will cost approximately \$2 billion. Two wind facilities, totaling 1,286 MWs, would qualify for 80% of the federal PTC with year-end 2021 in-service dates. The third wind facility (199 MWs) would qualify for 100% of the PTC with a year-end 2020 in-service date. The acquisition can be scaled, subject to commercial limitation, to align with individual state resource needs and approvals. In December 2019, PSO reached a joint stipulation and settlement agreement with the OCC, Oklahoma Attorney General’s office and customer groups. In January 2020, SWEPCo reached a joint settlement agreement with the APSC, Arkansas Attorney General’s office and Walmart, Inc. SWEPCo continues to work through the regulatory process in Texas and Louisiana. Hearings are scheduled for the first quarter of 2020. PSO and SWEPCo are seeking regulatory approvals by July 2020.

Federal Tax Reform

Based on current regulatory orders received, management anticipates amortization of \$249 million of Excess ADIT in 2020 (\$68 million of Excess ADIT subject to normalization requirements and \$181 million of Excess ADIT that is not subject to normalization requirements). Customer usage or new regulatory orders could result in changes to these estimates. Management anticipates amortizing the following ranges of Excess ADIT that is not subject to normalization requirements over the next five years:

Annual Amortization of Unamortized Balance as of December 31, 2019

<u>Year</u>	<u>Range</u>
	(in millions)
2020	\$ 165.0 - \$ 196.0
2021	102.0 - 134.0
2022	75.0 - 105.0
2023	67.0 - 98.0
2024	34.0 - 65.0

Racine

A project to reconstruct a defective dam structure at Racine began in the first quarter of 2017. Due to a significant increase in estimated costs to complete the reconstruction project, AEP recorded impairments in 2017 and 2018. See Note 7 - Acquisitions, Dispositions and Impairments for additional information. Reconstruction activities at Racine are currently estimated to be completed in the first half of 2020. AEP expects to incur additional capital expenditures to complete the reconstruction project, at which point the fair value of Racine, as fully operational, is expected to approximate the book value once complete. Future revisions in cost estimates or delays in completion could result in additional losses which could reduce future net income and cash flows and impact financial condition.

Merchant Portion of Turk Plant

SWEP Co constructed the Turk Plant, a base load 600 MW (650 MW net maximum capacity) pulverized coal ultra-supercritical generating unit in Arkansas, which was placed into service in December 2012 and is included in the Vertically Integrated Utilities segment. SWEP Co owns 73% (440 MWs/477 MWs) of the Turk Plant and operates the facility.

The APSC granted approval for SWEP Co to build the Turk Plant by issuing a Certificate of Environmental Compatibility and Public Need (CECPN) for the SWEP Co Arkansas jurisdictional share of the Turk Plant (approximately 20%). Following an appeal by certain intervenors, the Arkansas Supreme Court issued a decision that reversed the APSC's grant of the CECPN. In June 2010, in response to an Arkansas Supreme Court decision, the APSC issued an order which reversed and set aside the previously granted CECPN. This share of the Turk Plant output is currently not subject to cost-based rate recovery and is being sold into the wholesale market. Approximately 80% of the Turk Plant investment is recovered under cost-based rate recovery in Texas, Louisiana and through SWEP Co's wholesale customers under FERC-based rates. As of December 31, 2019, the net book value of Turk Plant was \$1.5 billion, before cost of removal, including materials and supplies inventory and CWIP. If SWEP Co cannot ultimately recover its investment and expenses related to the Turk Plant, it could reduce future net income and cash flows and impact financial condition.

FERC Transmission ROE Methodology

In November 2019, the FERC issued Opinion No. 569, which adopted a revised methodology for determining whether an existing base ROE is just and reasonable under Federal Power Act and determined the base ROE for MISO's transmission-owning members should be reduced to 9.88% (10.38% inclusive of RTO incentive adder of 0.5%). The revised ROE methodology relies on two financial models, which include the discounted cash flow model and the capital asset pricing model, to establish a composite zone of reasonableness. In December 2019, AEP filed multiple requests for rehearing and participated in filing comments and requests for rehearing on behalf of transmission owners and industry organizations. Management believes FERC Opinion No. 569 reverses the expectation of a four-model framework proposed by FERC in 2018 and vetted widely in FERC 2019 Notice of Inquiry regarding base ROE policy. Management does not believe this ruling will have a material impact on financial results for its MISO transmission-owning subsidiaries. In the second quarter of 2019, FERC approved settlement agreements establishing base ROEs of 9.85% (10.35% inclusive of RTO incentive adder of 0.5%) and 10% (10.5% inclusive of RTO incentive adder of 0.5%) for AEP's PJM and SPP transmission-owning subsidiaries, respectively. If FERC makes any changes to its ROE and incentive policies, they would be applied to AEP's PJM and SPP transmission owning subsidiaries on a prospective basis, and could affect future net income and cash flows and impact financial condition.

LITIGATION

In the ordinary course of business, AEP is involved in employment, commercial, environmental and regulatory litigation. Since it is difficult to predict the outcome of these proceedings, management cannot predict the eventual resolution, timing or amount of any loss, fine or penalty. Management assesses the probability of loss for each contingency and accrues a liability for cases that have a probable likelihood of loss if the loss can be estimated. Adverse results in these proceedings have the potential to reduce future net income and cash flows and impact financial condition. See Note 4 – Rate Matters and Note 6 – Commitments, Guarantees and Contingencies for additional information.

Rockport Plant Litigation

In 2013, the Wilmington Trust Company filed a complaint in the U.S. District Court for the Southern District of New York against AEGCo and I&M alleging that it would be unlawfully burdened by the terms of the modified NSR consent decree after the Rockport Plant, Unit 2 lease expiration in December 2022. The terms of the consent decree allow the installation of environmental emission control equipment, repowering, refueling or retirement of the unit. The plaintiffs seek a judgment declaring that the defendants breached the lease, must satisfy obligations related to installation of emission control equipment and indemnify the plaintiffs. The New York court granted a motion to transfer this case to the U.S. District Court for the Southern District of Ohio.

AEGCo and I&M sought and were granted dismissal by the U.S. District Court for the Southern District of Ohio of certain of the plaintiffs' claims, including claims for compensatory damages, breach of contract, breach of the implied covenant of good faith and fair dealing and indemnification of costs. Plaintiffs voluntarily dismissed the surviving claims that AEGCo and I&M failed to exercise prudent utility practices with prejudice, and the court issued a final judgment. The plaintiffs subsequently filed an appeal in the U.S. Court of Appeals for the Sixth Circuit.

In 2017, the U.S. Court of Appeals for the Sixth Circuit issued an opinion and judgment affirming the district court's dismissal of the owners' breach of good faith and fair dealing claim as duplicative of the breach of contract claims, reversing the district court's dismissal of the breach of contract claims and remanding the case for further proceedings.

Thereafter, AEP filed a motion with the U.S. District Court for the Southern District of Ohio in the original NSR litigation, seeking to modify the consent decree. The district court granted the owners' unopposed motion to stay the lease litigation to afford time for resolution of AEP's motion to modify the consent decree. The consent decree was modified based on an agreement among the parties in July 2019. The district court entered a stay that expired in February 2020. Settlement negotiations are continuing, and the parties filed a joint proposed case schedule in February 2020. See "Modification of the NSR Litigation Consent Decree" section below for additional information.

Management will continue to defend against the claims. Given that the district court dismissed plaintiffs' claims seeking compensatory relief as premature, and that plaintiffs have yet to present a methodology for determining or any analysis supporting any alleged damages, management cannot determine a range of potential losses that is reasonably possible of occurring.

Patent Infringement Complaint

In July 2019, Midwest Energy Emissions Corporation and MES Inc. (collectively, the plaintiffs) filed a patent infringement complaint against various parties, including AEP Texas, AGR, Cardinal Operating Company and SWEPCo (collectively, the AEP Defendants). The complaint alleges that the AEP Defendants infringed two patents owned by the plaintiffs by using specific processes for mercury control at certain coal-fired generating stations. The complaint seeks injunctive relief and damages. Management will continue to defend against the claims. Management is unable to determine a range of potential losses that is reasonably possible of occurring.

Claims Challenging Transition of American Electric Power System Retirement Plan to Cash Balance Formula

The American Electric Power System Retirement Plan (the Plan) has received a letter written on behalf of four participants (the Claimants) making a claim for additional plan benefits and purporting to advance such claims on behalf of a class. When the Plan's benefit formula was changed in the year 2000, AEP provided a special provision for employees hired before January 1, 2001, allowing them to continue benefit accruals under the then benefit formula for a full 10 years alongside of the new cash balance benefit formula then being implemented. Employees who were hired on or after January 1, 2001 accrued benefits only under the new cash balance benefit formula. The Claimants have asserted claims that (a) the Plan violates the requirements under the Employee Retirement Income Security Act (ERISA) intended to preclude back-loading the accrual of benefits to the end of a participant's career; (b) the Plan violates the age discrimination prohibitions of ERISA and the Age Discrimination in Employment Act (ADEA); and (c) the company failed to provide required notice regarding the changes to the Plan. AEP has responded to the Claimants

providing a reasoned explanation for why each of their claims have been denied, and offering an opportunity to appeal those determinations. Management will continue to defend against the claims. Management is unable to determine a range of potential losses that are reasonably possible of occurring.

ENVIRONMENTAL ISSUES

AEP has a substantial capital investment program and incurs additional operational costs to comply with environmental control requirements. Additional investments and operational changes will be made in response to existing and anticipated requirements to reduce emissions from fossil generation, rules governing the beneficial use and disposal of coal combustion by-products, clean water rules and renewal permits for certain water discharges.

AEP is engaged in litigation about environmental issues, was notified of potential responsibility for the clean-up of contaminated sites and incurred costs for disposal of SNF and future decommissioning of the nuclear units. AEP, along with other parties, challenged some of the Federal EPA requirements. Management is engaged in the development of possible future requirements including the items discussed below. Management believes that further analysis and better coordination of these environmental requirements would facilitate planning and lower overall compliance costs while achieving the same environmental goals.

AEP will seek recovery of expenditures for pollution control technologies and associated costs from customers through rates in regulated jurisdictions. Environmental rules could result in accelerated depreciation, impairment of assets or regulatory disallowances. If AEP cannot recover the costs of environmental compliance, it would reduce future net income and cash flows and impact financial condition.

Environmental Controls Impact on the Generating Fleet

The rules and proposed environmental controls discussed below will have a material impact on AEP System generating units. Management continues to evaluate the impact of these rules, project scope and technology available to achieve compliance. As of December 31, 2019, the AEP System had generating capacity of approximately 25,500 MWs, of which approximately 13,200 MWs were coal-fired. Management continues to refine the cost estimates of complying with these rules and other impacts of the environmental proposals on fossil generation. Based upon management estimates, AEP's future investment to meet these existing and proposed requirements ranges from approximately \$500 million to \$1 billion through 2026.

The cost estimates will change depending on the timing of implementation and whether the Federal EPA provides flexibility in finalizing proposed rules or revising certain existing requirements. The cost estimates will also change based on: (a) potential state rules that impose more stringent standards, (b) additional rulemaking activities in response to court decisions, (c) actual performance of the pollution control technologies installed, (d) changes in costs for new pollution controls, (e) new generating technology developments, (f) total MWs of capacity retired and replaced, including the type and amount of such replacement capacity and (g) other factors. In addition, management continues to evaluate the economic feasibility of environmental investments on regulated and competitive plants.

The table below represents the net book value before cost of removal, including related materials and supplies inventory, of plants or units of plants previously retired that have a remaining net book value as of December 31, 2019.

Company	Plant Name and Unit	Generating Capacity	Amounts Pending Regulatory Approval
		(in MWs)	(in millions)
APCo (a)	Kanawha River Plant	400	\$ 14.1
APCo (b)	Clinch River Plant	705	25.5
APCo (a)	Sporn Plant, Units 1 and 3	300	2.0
APCo (a)	Glen Lyn Plant	335	3.5
SWEPCo (c)	Welsh Plant, Unit 2	528	35.5
Total		2,268	\$ 80.6

- (a) Remaining amounts pending regulatory approval represent the FERC and the West Virginia jurisdictional share. Management expensed the Virginia jurisdictional share in December 2019. See “Virginia Legislation Affecting Earnings Reviews” section of Note 4 for additional information.
- (b) APCo obtained permits following the Virginia SCC’s and WVPSC’s approval to convert Clinch River Plant, Units 1 and 2 to natural gas. In 2015, APCo retired the coal-related assets of Clinch River Plant, Units 1 and 2. Clinch River Plant, Units 1 and 2 began operations as natural gas units in 2016.
- (c) Remaining amount pending regulatory approval represents the FERC and Louisiana jurisdictional share. The APSC issued an order in December 2019 approving the recovery of the \$15 million Arkansas jurisdictional share. See “2019 Arkansas Base Rate Case” section of Note 4 for additional information.

Management is seeking or will seek recovery of the remaining net book value in future rate proceedings. To the extent the net book value of these generation assets is not recoverable, it could materially reduce future net income and cash flows and impact financial condition.

Modification of the New Source Review Litigation Consent Decree

In 2007, the U.S. District Court for the Southern District of Ohio approved a consent decree between AEP subsidiaries in the eastern area of the AEP System and the Department of Justice, the Federal EPA, eight northeastern states and other interested parties to settle claims that the AEP subsidiaries violated the NSR provisions of the CAA when they undertook various equipment repair and replacement projects over a period of nearly 20 years. The consent decree’s terms include installation of environmental control equipment on certain generating units, a declining cap on SO₂ and NO_x emissions from the AEP System and various mitigation projects.

In 2017, AEP filed a motion with the district court seeking to modify the consent decree to eliminate an obligation to install future controls at Rockport Plant, Unit 2 if AEP does not acquire ownership of that unit, and to modify the consent decree in other respects to preserve the environmental benefits of the consent decree. The other parties to the consent decree opposed AEP’s motion. The district court granted AEP’s request to delay the deadline to install Selective Catalytic Reduction technology at Rockport Plant, Unit 2 until June 2020.

In May 2019, the parties filed a proposed order to modify the consent decree. The proposed order requires AEP to enhance the dry sorbent injection system on both units at the Rockport Plant by the end of 2020, and meet 30-day rolling average emission rates for SO₂ and NO_x at the combined stack for the Rockport Plant beginning in 2021. Total SO₂ emissions from the Rockport Plant are limited to 10,000 tons per year beginning in 2021 and reduce to 5,000 tons per year when Rockport Plant, Unit 1 retires in 2028. The proposed modification was approved by the district court and became effective in July 2019. As part of the modification to the consent decree, I&M agreed to provide an additional \$7.5 million to citizens’ groups and the states for environmental mitigation projects. As joint owners in the Rockport Plant, the \$7.5 million payment was shared between AEGCo and I&M based on the joint ownership agreement.

Clean Air Act Requirements

The CAA establishes a comprehensive program to protect and improve the nation's air quality and control sources of air emissions. The states implement and administer many of these programs and could impose additional or more stringent requirements. The primary regulatory programs that continue to drive investments in AEP's existing

generating units include: (a) periodic revisions to NAAQS and the development of SIPs to achieve any more stringent standards, (b) implementation of the regional haze program by the states and the Federal EPA, (c) regulation of hazardous air pollutant emissions under MATS, (d) implementation and review of CSAPR and (e) the Federal EPA's regulation of greenhouse gas emissions from fossil generation under Section 111 of the CAA. Notable developments in significant CAA regulatory requirements affecting AEP's operations are discussed in the following sections.

National Ambient Air Quality Standards

The Federal EPA issued new, more stringent NAAQS for PM in 2012 and ozone in 2015. The Federal EPA is currently reviewing both of these standards. The existing standards for NO₂ and SO₂ were retained after review by the Federal EPA in 2018 and 2019, respectively. Implementation of these standards is underway.

The Federal EPA finalized non-attainment designations for the 2015 ozone standard in 2018. The Federal EPA confirmed that for states included in the CSAPR program, there are no additional interstate transport obligations, as all areas of the country are expected to attain the 2008 ozone standard before 2023. Challenges to the 2015 ozone standard and the Federal EPA's determination that CSAPR satisfies certain states' interstate transport obligations were filed in the U.S. Court of Appeals for the District of Columbia Circuit. In August 2019, the court upheld the 2015 primary ozone standard, but remanded the secondary welfare-based standard for further review. The court vacated the Federal EPA's determination that CSAPR fulfilled the states' interstate transport obligations, because the Federal EPA's modeling analysis did not demonstrate that all significant contributions would be eliminated by the attainment deadlines for downwind states. Any further changes will require additional rulemaking. Management cannot currently predict the nature, stringency or timing of additional requirements for AEP's facilities based on the outcome of these activities.

Regional Haze

The Federal EPA issued a Clean Air Visibility Rule (CAVR), detailing how the CAA's requirement that certain facilities install best available retrofit technology (BART) would address regional haze in federal parks and other protected areas. BART requirements apply to power plants. CAVR will be implemented through SIPs or FIPs. In 2017, the Federal EPA revised the rules governing submission of SIPs to implement the visibility programs, including a provision that postpones the due date for the next comprehensive SIP revisions until 2021. Petitions for review of the final rule revisions have been filed in the U.S. Court of Appeals for the District of Columbia Circuit.

The Federal EPA initially disapproved portions of the Arkansas regional haze SIP, but has approved a revised SIP and all of SWEPCo's affected units are in compliance with the relevant requirements.

The Federal EPA also disapproved portions of the Texas regional haze SIP. In 2017, the Federal EPA finalized a FIP that allows participation in the CSAPR ozone season program to satisfy the NO_x regional haze obligations for electric generating units in Texas. Additionally, the Federal EPA finalized an intrastate SO₂ emissions trading program based on CSAPR allowance allocations. A challenge to the FIP was filed in the U.S. Court of Appeals for the Fifth Circuit and the case is pending the Federal EPA's reconsideration of the final rule. In August 2018, the Federal EPA proposed to affirm its 2017 FIP approval. In November 2019, in response to comment, the Federal EPA proposed revisions to the intrastate trading program. Management supports the intrastate trading program as a compliance alternative to source-specific controls.

Cross-State Air Pollution Rule

In 2011, the Federal EPA issued CSAPR as a replacement for the Clean Air Interstate Rule, a regional trading program designed to address interstate transport of emissions that contributed significantly to downwind non-attainment with the 1997 ozone and PM NAAQS. CSAPR relies on SO₂ and NO_x allowances and individual state budgets to compel further emission reductions from electric utility generating units. Interstate trading of allowances is allowed on a restricted sub-regional basis.

Petitions to review the CSAPR were filed in the U.S. Court of Appeals for the District of Columbia Circuit. In 2015, the court found that the Federal EPA over-controlled the SO₂ and/or NO_x budgets of 14 states. The court remanded the rule to the Federal EPA for revision consistent with the court's opinion while CSAPR remained in place.

In 2016, the Federal EPA issued a final rule, the CSAPR Update, to address the remand and to incorporate additional changes necessary to address the 2008 ozone standard. The CSAPR Update significantly reduced ozone season budgets in many states and discounted the value of banked CSAPR ozone season allowances beginning with the 2017 ozone season. In 2019, the appeals court remanded the CSAPR Update to the Federal EPA because it determined the Federal EPA had not properly considered the attainment dates for downwind areas in establishing its partial remedy, and should have considered whether there were available measures to control emissions from sources other than generating units. Any further changes to the CSAPR rule will require additional rulemaking.

Mercury and Other Hazardous Air Pollutants (HAPs) Regulation

In 2012, the Federal EPA issued a rule addressing a broad range of HAPs from coal and oil-fired power plants. The rule established unit-specific emission rates for units burning coal on a 30-day rolling average basis for mercury, PM (as a surrogate for particles of non-mercury metals) and hydrogen chloride (as a surrogate for acid gases). In addition, the rule proposed work practice standards for controlling emissions of organic HAPs and dioxin/furans, with compliance required within three years. Management obtained administrative extensions for up to one year at several units to facilitate the installation of controls or to avoid a serious reliability problem.

In 2014, the U.S. Court of Appeals for the District of Columbia Circuit denied all of the petitions for review of the 2012 final rule. Various intervenors filed petitions for further review in the U.S. Supreme Court.

In 2015, the U.S. Supreme Court reversed the decision of the U.S. Court of Appeals for the District of Columbia Circuit. The court remanded the MATS rule to the Federal EPA to consider costs in determining whether to regulate emissions of HAPs from power plants. In 2016, the Federal EPA issued a supplemental finding concluding that, after considering the costs of compliance, it was appropriate and necessary to regulate HAP emissions from coal and oil-fired units. Petitions for review of the Federal EPA's determination were filed in the U.S. Court of Appeals for the District of Columbia Circuit. In 2018, the Federal EPA released a revised finding that the costs of reducing HAP emissions to the level in the current rule exceed the benefits of those HAP emission reductions. The Federal EPA also determined that there are no significant changes in control technologies and the remaining risks associated with HAP emissions do not justify any more stringent standards. Therefore, the Federal EPA proposed to retain the current MATS standards without change.

Climate Change, CO₂ Regulation and Energy Policy

In 2015, the Federal EPA published the final CO₂ emissions standards for new, modified and reconstructed fossil generating units, and final guidelines for the development of state plans to regulate CO₂ emissions from existing sources, known as the Clean Power Plan (CPP).

In 2016, the U.S. Supreme Court issued a stay of the final CPP, including all of the deadlines for submission of initial or final state plans until a final decision is issued by the U.S. Court of Appeals for the District of Columbia Circuit and the U.S. Supreme Court considers any petition for review. In 2017, the President issued an Executive Order directing the Federal EPA to reconsider the CPP and the associated standards for new sources. The Federal EPA filed a motion to hold the challenges to the CPP in abeyance pending reconsideration. In September 2019, following the Federal EPA's repeal of the CPP and promulgation of a replacement rule, the Court of Appeals for the District of Columbia Circuit dismissed the challenges.

In July 2019, the Federal EPA finalized the Affordable Clean Energy (ACE) rule to replace the CPP with new emission guidelines for regulating CO₂ from existing sources. ACE establishes a framework for states to adopt standards of performance for utility boilers based on heat rate improvements for such boilers. The final rule applies to generating units that commenced construction prior to January 2014, generate greater than 25 MWs, have a baseload rating above 250 MMBtu per hour and burn coal for more than 10% of the annual average heat input over the preceding three calendar years, with certain exceptions. States must establish standards of performance for each affected facility in terms of pounds of CO₂ emitted per MWh, based on certain heat rate improvement measures and the degree of emission reduction achievable through each applicable measure, together with consideration of certain site-specific factors and the unit's remaining useful life. State plans are required to be submitted in 2022, and the Federal EPA has up to two

years to review and approve a plan or disapprove it and adopt a federal plan. The final ACE rule has been challenged in the courts.

In 2018, the Federal EPA filed a proposed rule revising the standards for new sources and determined that partial carbon capture and storage is not the best system of emission reduction because it is not available throughout the U.S. and is not cost-effective. Management continues to actively monitor these rulemaking activities.

AEP has taken action to reduce and offset CO₂ emissions from its generating fleet. AEP expects CO₂ emissions from its operations to continue to decline due to the retirement of some of its coal-fired generation units, and actions taken to diversify the generation fleet and increase energy efficiency where there is regulatory support for such activities. The majority of the states where AEP has generating facilities passed legislation establishing renewable energy, alternative energy and/or energy efficiency requirements that can assist in reducing carbon emissions. Management is taking steps to comply with these requirements, including increasing wind and solar installations, purchasing renewable power and broadening AEP System's portfolio of energy efficiency programs.

In September 2019, AEP announced new intermediate and long-term CO₂ emission reduction goals, based on the output of the company's integrated resource plans, which take into account economics, customer demand, grid reliability and resiliency, regulations and the company's current business strategy. The intermediate goal is a 70% reduction from 2000 CO₂ emission levels from AEP generating facilities by 2030; the long-term goal is to surpass an 80% reduction of CO₂ emissions from AEP generating facilities from 2000 levels by 2050. AEP's total estimated CO₂ emissions in 2019 were approximately 58 million metric tons, a 65% reduction from AEP's 2000 CO₂ emissions. AEP has made significant progress in reducing CO₂ emissions from its power generation fleet and expects its emissions to continue to decline. AEP's aspirational emissions goal is zero CO₂ emissions by 2050. Technological advances, including energy storage, will determine how quickly AEP can achieve zero emissions while continuing to provide reliable, affordable power for customers.

Federal and state legislation or regulations that mandate limits on the emission of CO₂ could result in significant increases in capital expenditures and operating costs, which in turn, could lead to increased liquidity needs and higher financing costs. Excessive costs to comply with future legislation or regulations might force AEP to close some coal-fired facilities, which could possibly lead to impairment of assets.

Coal Combustion Residual (CCR) Rule

In 2015, the Federal EPA published a final rule to regulate the disposal and beneficial re-use of CCR, including fly ash and bottom ash created from coal-fired generating units and FGD gypsum generated at some coal-fired plants. The rule applies to active CCR landfills and surface impoundments at operating electric utility or independent generation facilities. The rule imposes construction and operating obligations, including location restrictions, liner criteria, structural integrity requirements for impoundments, operating criteria and additional groundwater monitoring requirements to be implemented on a schedule spanning an approximate four-year implementation period. In 2018, some of AEP's facilities were required to begin monitoring programs to determine if unacceptable groundwater impacts will trigger future corrective measures. Based on additional groundwater data, further studies to design and assess appropriate corrective measures have been undertaken at four facilities.

In a challenge to the final 2015 rule, the parties initially agreed to settle some of the issues. In 2018, the U.S. Court of Appeals for the District of Columbia Circuit addressed or dismissed the remaining issues in its decision vacating and remanding certain provisions of the 2015 rule. The provisions addressed by the court's decision, including changes to the provisions for unlined impoundments and legacy sites, will be the subject of further rulemaking consistent with the court's decision.

Prior to the court's decision, the Federal EPA issued the July 2018 rule that modifies certain compliance deadlines and other requirements in the 2015 rule. In December 2018, challengers filed a motion for partial stay or vacatur of the July 2018 rule. On the same day, the Federal EPA filed a motion for partial remand of the July 2018 rule. The court granted the Federal EPA's motion. In November 2019, the Federal EPA proposed revisions to implement the court's decision regarding the timing for closure of unlined surface impoundments along with impoundments not meeting the

required distance from an aquifer. The comment period closed in January 2020. In December 2019, the Federal EPA proposed a federal permit program, implementing the Water Infrastructure Improvements for the Nation Act, that would apply in states that do not have an approved CCR program.

Other utilities and industrial sources have been engaged in litigation with environmental advocacy groups who claim that releases of contaminants from wells, CCR units, pipelines and other facilities to groundwaters that have a hydrologic connection to a surface water body represent an “unpermitted discharge” under the CWA. Two cases were accepted by the U.S. Supreme Court for further review of the scope of CWA jurisdiction. The Federal EPA opened a rulemaking docket to solicit information to determine whether it should provide additional clarification of the scope of CWA permitting requirements for discharges to groundwater, and issued an interpretive statement finding that discharges to groundwater are not subject to NPDES permitting requirements under the CWA. Management is unable to predict the impact of this guidance or the outcome of these cases on AEP’s facilities.

Because AEP currently uses surface impoundments and landfills to manage CCR materials at generating facilities, significant costs will be incurred to upgrade or close and replace these existing facilities and conduct any required remedial actions. Closure and post-closure costs have been included in ARO in accordance with the requirements in the final rule. Additional ARO revisions will occur on a site-by-site basis if groundwater monitoring activities conclude that corrective actions are required to mitigate groundwater impacts, which could include costs to remove ash from some unlined units. In January 2020, a bill was introduced in Virginia to require removal of ash from units at the retired Glen Lyn Station, and provide for recovery of the costs incurred to remove the ash and close those units. If removal of ash is required without providing similar assurances of cost recovery in regulated jurisdictions, it would impose significant additional operating costs on AEP, which could lead to increased financing costs and liquidity needs. Other units in Virginia, Ohio, West Virginia, and Kentucky already have been closed in place in accordance with state law programs. Management will continue to evaluate the rule’s impact on operations.

Clean Water Act Regulations

In 2014, the Federal EPA issued a final rule setting forth standards for existing power plants that is intended to reduce mortality of aquatic organisms impinged or entrained in the cooling water. The rule was upheld on review by the U.S. Court of Appeals for the Second Circuit. Compliance timeframes are established by the permit agency through each facility’s NPDES permit as those permits are renewed and have been incorporated into permits at several AEP facilities. Additional AEP facilities are reviewing these requirements as their wastewater discharge permits are renewed and making appropriate adjustments to their intake structures.

In 2015, the Federal EPA issued a final rule revising effluent limitation guidelines for generating facilities. The rule established limits on FGD wastewater, fly ash and bottom ash transport water and flue gas mercury control wastewater to be imposed as soon as possible after November 2018 and no later than December 2023. These requirements would be implemented through each facility’s wastewater discharge permit. The rule was challenged in the U.S. Court of Appeals for the Fifth Circuit. In 2017, the Federal EPA announced its intent to reconsider and potentially revise the standards for FGD wastewater and bottom ash transport water. The Federal EPA postponed the compliance deadlines for those wastewater categories to be no earlier than 2020, to allow for reconsideration. In April 2019, the Fifth Circuit vacated the standards for landfill leachate and legacy wastewater, and remanded them to the Federal EPA for reconsideration. In November 2019, the Federal EPA proposed revisions to the guidelines for existing generation facilities. The comment period ended in January 2020. Management is assessing technology additions and retrofits to comply with the rule and the impacts of the Federal EPA’s recent actions on facilities’ wastewater discharge permitting.

In 2015, the Federal EPA and the U.S. Army Corps of Engineers jointly issued a final rule to clarify the scope of the regulatory definition of “waters of the United States” in light of recent U.S. Supreme Court cases. Various parties challenged the 2015 rule in different U.S. District Courts, which resulted in a patchwork of applicability of the 2015 rule and its predecessor. In December 2018, the Federal EPA and the U.S. Army Corps of Engineers proposed a replacement rule. In September 2019, the Federal EPA repealed the 2015 rule. A final rule was issued in January 2020, which limits that scope of CWA jurisdiction to four categories of waters, and clarifies exclusions for ground water, ephemeral streams, ditches, artificial ponds and waste treatment systems.

RESULTS OF OPERATIONS

SEGMENTS

AEP's primary business is the generation, transmission and distribution of electricity. Within its Vertically Integrated Utilities segment, AEP centrally dispatches generation assets and manages its overall utility operations on an integrated basis because of the substantial impact of cost-based rates and regulatory oversight. Intersegment sales and transfers are generally based on underlying contractual arrangements and agreements.

AEP's reportable segments and their related business activities are outlined below:

Vertically Integrated Utilities

- Generation, transmission and distribution of electricity for sale to retail and wholesale customers through assets owned and operated by AEGCo, APCo, I&M, KGPCo, KPCo, PSO, SWEPCo and WPCo.

Transmission and Distribution Utilities

- Transmission and distribution of electricity for sale to retail and wholesale customers through assets owned and operated by AEP Texas and OPCo.
- OPCo purchases energy and capacity at auction to serve SSO customers and provides transmission and distribution services for all connected load.

AEP Transmission Holdco

- Development, construction and operation of transmission facilities through investments in AEPTCo. These investments have FERC-approved returns on equity.
- Development, construction and operation of transmission facilities through investments in AEP's transmission-only joint ventures. These investments have PUCT-approved or FERC-approved returns on equity.

Generation & Marketing

- Contracted renewable energy investments and management services.
- Competitive generation in ERCOT and PJM.
- Marketing, risk management and retail activities in ERCOT, PJM, SPP and MISO.

The remainder of AEP's activities are presented as Corporate and Other. While not considered a reportable segment, Corporate and Other primarily includes the purchasing of receivables from certain AEP utility subsidiaries, Parent's guarantee revenue received from affiliates, investment income, interest income, interest expense, income tax expense and other nonallocated costs.

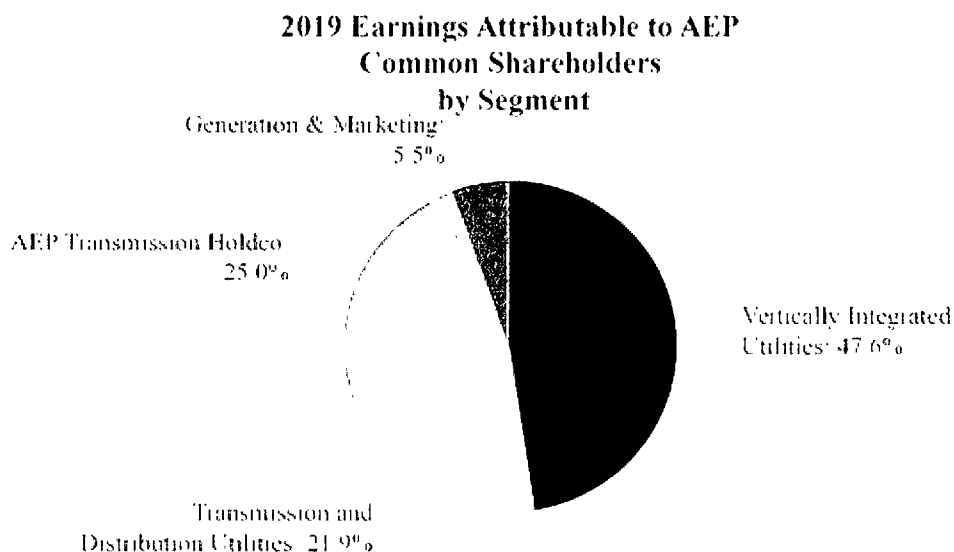
The following discussion of AEP's 2019 results of operations by operating segment includes an analysis of Gross Margin, which is a non-GAAP financial measure. Gross Margin includes Total Revenues less the costs of Fuel and Other Consumables Used for Electric Generation as well as Purchased Electricity for Resale, Generation Deferrals and Amortization of Generation Deferrals as presented in the Registrants' statements of income as applicable. Under the various state utility rate making processes, these expenses are generally reimbursable directly from and billed to customers. As a result, these expenses do not typically impact Operating Income or Earnings Attributable to AEP Common Shareholders. Management believes that Gross Margin provides a useful measure for investors and other financial statement users to analyze AEP's financial performance in that it excludes the effect on Total Revenues caused by volatility in these expenses. Operating Income, which is presented in accordance with GAAP in AEP's statements of income, is the most directly comparable GAAP financial measure to the presentation of Gross Margin. AEP's definition of Gross Margin may not be directly comparable to similarly titled financial measures used by other companies.



A detailed discussion of AEP's 2018 results of operations by operating segment can be found in Management's Discussion and Analysis of Financial Condition and Results of Operation section included in the 2018 Annual Report on Form 10-K filed with the SEC on February 21, 2019.

The following table presents Earnings (Loss) Attributable to AEP Common Shareholders by segment:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Vertically Integrated Utilities	\$ 982.0	\$ 990.5	\$ 790.5
Transmission and Distribution Utilities	451.0	527.4	636.4
AEP Transmission Holdco	516.3	369.9	352.1
Generation & Marketing	112.8	135.3	166.0
Corporate and Other	(141.0)	(99.3)	(32.4)
Earnings Attributable to AEP Common Shareholders	\$ 1,921.1	\$ 1,923.8	\$ 1,912.6



Note: 2019 Earnings Attributable to AEP Common Shareholders by Segment excludes Corporate and Other which is not considered a reportable segment.

AEP CONSOLIDATED

2019 Compared to 2018

Earnings Attributable to AEP Common Shareholders decreased \$3 million from \$1.924 billion in 2018 to \$1.921 billion in 2019 primarily due to:

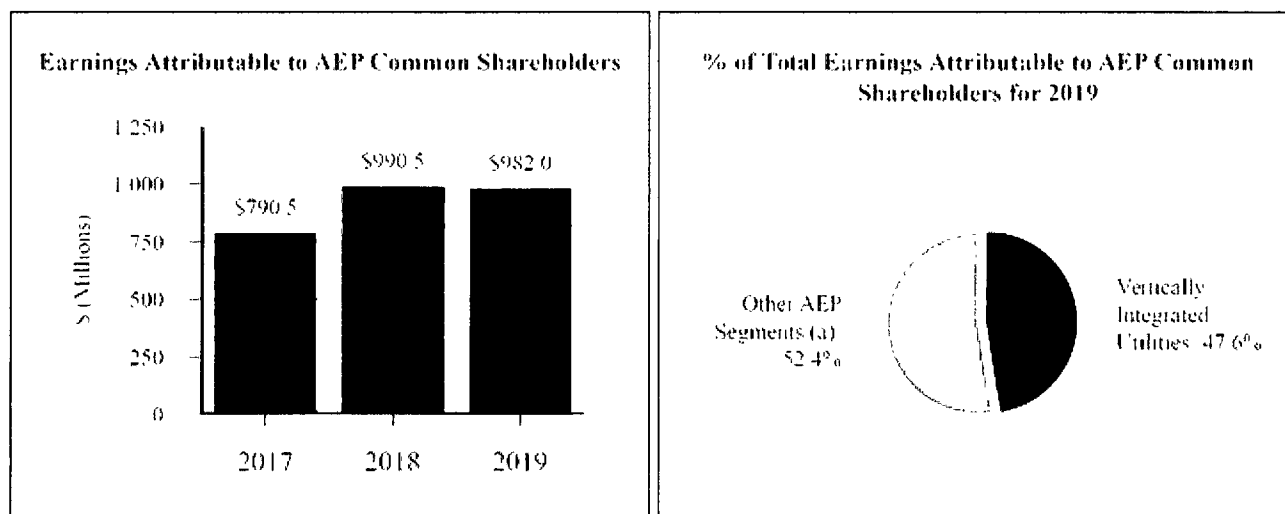
- A decrease in weather-related usage.
- An increase in asset impairments and other related charges.

These decreases were partially offset by:

- Favorable rate proceedings in AEP's various jurisdictions.
- An increase in transmission investment, which resulted in higher revenues and income.

AEP's results of operations by reportable segment are discussed below.

VERTICALLY INTEGRATED UTILITIES



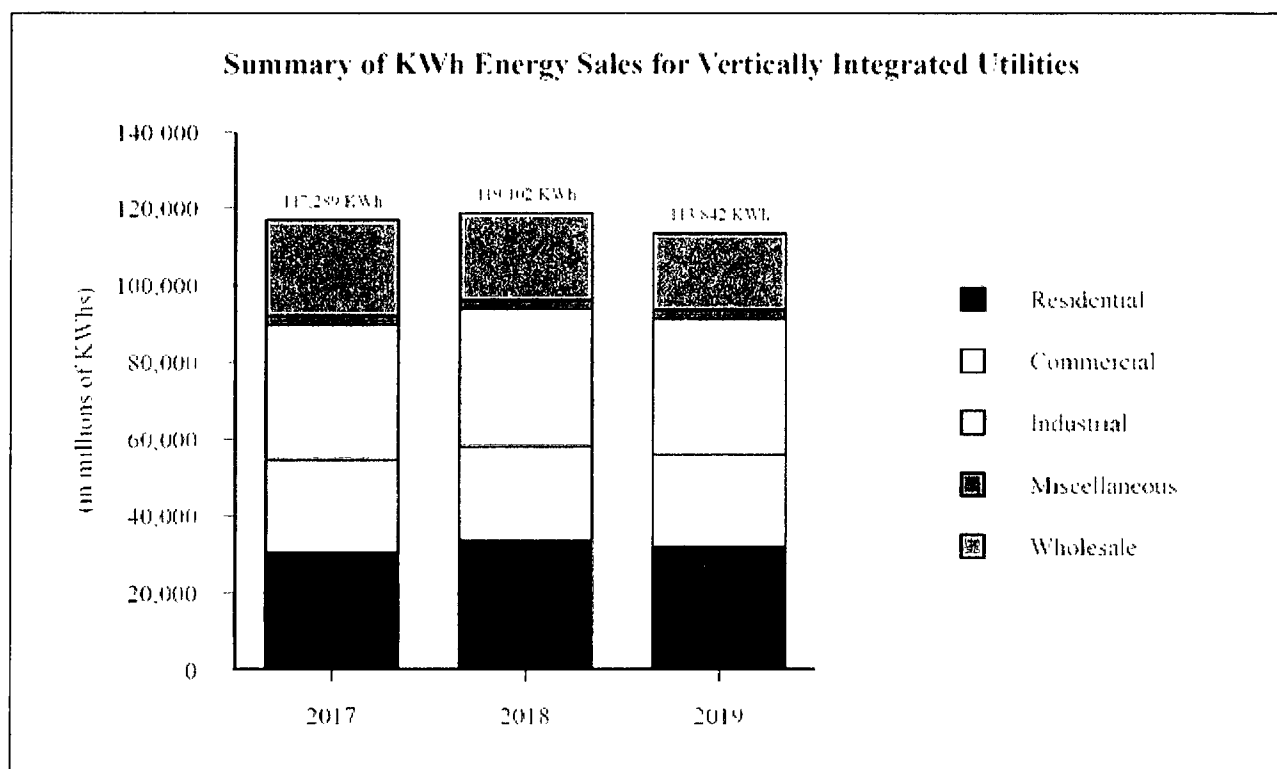
(a) Other AEP Segments excludes Corporate and Other which is not considered a reportable segment.

Vertically Integrated Utilities	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Revenues	\$ 9,367.1	\$ 9,645.5	\$ 9,192.0
Fuel and Purchased Electricity	3,103.1	3,488.9	3,142.7
Gross Margin	6,264.0	6,156.6	6,049.3
Other Operation and Maintenance	2,934.4	2,959.8	2,760.7
Asset Impairments and Other Related Charges	92.9	3.4	33.6
Depreciation and Amortization	1,447.0	1,316.2	1,142.5
Taxes Other Than Income Taxes	460.9	433.2	413.3
Operating Income	1,328.8	1,444.0	1,699.2
Other Income	6.1	17.0	22.0
Allowance for Equity Funds Used During Construction	50.7	35.4	28.0
Non-Service Cost Components of Net Periodic Benefit Cost	67.6	69.9	23.5
Interest Expense	(568.3)	(567.8)	(540.0)
Income Before Income Tax Expense (Benefit) and Equity Earnings (Loss)	884.9	998.5	1,232.7
Income Tax Expense (Benefit)	(97.7)	5.7	425.6
Equity Earnings (Loss) of Unconsolidated Subsidiary	3.0	2.7	(3.8)
Net Income	985.6	995.5	803.3
Net Income Attributable to Noncontrolling Interests	3.6	5.0	12.8
Earnings Attributable to AEP Common Shareholders	<u>\$ 982.0</u>	<u>\$ 990.5</u>	<u>\$ 790.5</u>

Summary of KWh Energy Sales for Vertically Integrated Utilities

	Years Ended December 31,		
	2019	2018	2017
	(in millions of KWhs)		
Retail:			
Residential	32,359	33,908	30,817
Commercial	23,839	24,452	24,052
Industrial	35,252	35,730	35,043
Miscellaneous	2,302	2,330	2,279
Total Retail (a)	93,752	96,420	92,191
Wholesale (b)	20,090	22,682	25,098
Total KWhs	113,842	119,102	117,289

- (a) 2018 and 2017 KWhs have been revised to reflect the reclassification of certain customer accounts between Retail classes. This reclassification did not impact previously reported Total Retail KWhs. Management concluded that these prior period disclosure only errors were immaterial individually and in the aggregate.
- (b) Includes off-system sales, municipalities and cooperatives, unit power and other wholesale customers.



Heating degree days and cooling degree days are metrics commonly used in the utility industry as a measure of the impact of weather on revenues. In general, degree day changes in the eastern region have a larger effect on revenues than changes in the western region due to the relative size of the two regions and the number of customers within each region.

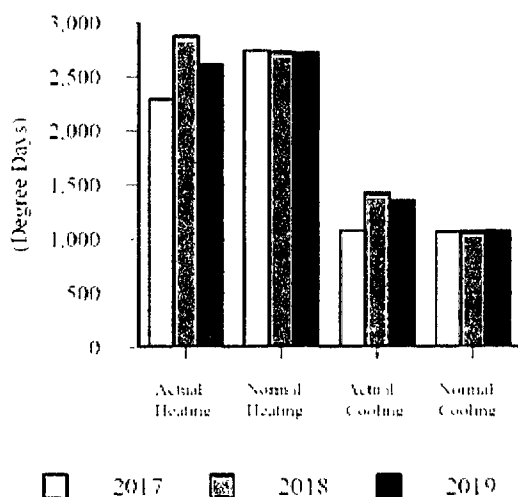
Summary of Heating and Cooling Degree Days for Vertically Integrated Utilities

	Years Ended December 31,		
	2019	2018	2017
	(in degree days)		
<u>Eastern Region</u>			
Actual – Heating (a)	2,617	2,886	2,298
Normal – Heating (b)	2,732	2,738	2,746
Actual – Cooling (c)	1,369	1,443	1,088
Normal – Cooling (b)	1,092	1,083	1,078
<u>Western Region</u>			
Actual – Heating (a)	1,512	1,599	1,040
Normal – Heating (b)	1,473	1,475	1,494
Actual – Cooling (c)	2,328	2,502	2,164
Normal – Cooling (b)	2,240	2,230	2,229

- (a) Heating degree days are calculated on a 55 degree temperature base.
- (b) Normal Heating/Cooling represents the thirty-year average of degree days.
- (c) Cooling degree days are calculated on a 65 degree temperature base.

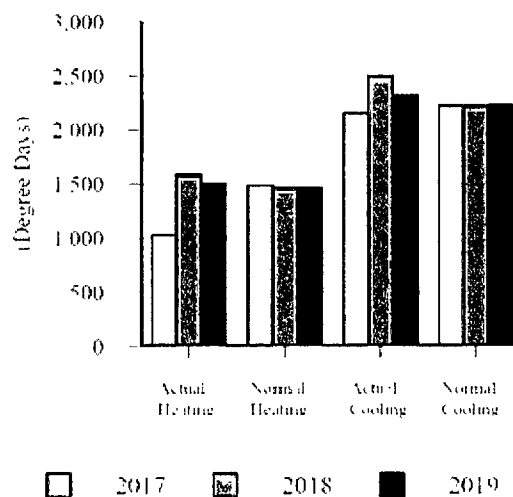
Summary of Heating and Cooling Degree Days for Vertically Integrated Utilities

Eastern Region Degree Days



Summary of Heating and Cooling Degree Days for Vertically Integrated Utilities

Western Region Degree Days



2019 Compared to 2018

**Reconciliation of Year Ended December 31, 2018 to Year Ended December 31, 2019
Earnings Attributable to AEP Common Shareholders from Vertically Integrated Utilities
(in millions)**

Year Ended December 31, 2018	\$ 990.5
Changes in Gross Margin:	
Retail Margins	134.1
Margins from Off-system Sales	(16.0)
Transmission Revenues	(14.0)
Other Revenues	3.3
Total Change in Gross Margin	107.4
Changes in Expenses and Other:	
Other Operation and Maintenance	25.4
Asset Impairments and Other Related Charges	(89.5)
Depreciation and Amortization	(130.8)
Taxes Other Than Income Taxes	(27.7)
Other Income	(10.9)
Allowance for Equity Funds Used During Construction	15.3
Non-Service Cost Components of Net Periodic Pension Cost	(2.3)
Interest Expense	(0.5)
Total Change in Expenses and Other	(221.0)
Income Tax Expense (Benefit)	103.4
Equity Earnings (Loss) of Unconsolidated Subsidiary	0.3
Net Income Attributable to Noncontrolling Interests	1.4
Year Ended December 31, 2019	\$ 982.0

The major components of the increase in Gross Margin, defined as revenues less the related direct cost of fuel, including consumption of chemicals and emissions allowances, and purchased electricity were as follows:

- **Retail Margins** increased \$134 million primarily due to the following:
 - A \$91 million increase at APCo and WPCo due to a 2018 reduction in the deferred fuel under recovery balance as a result of the 2018 West Virginia Tax Reform settlement. This increase was offset in Income Tax Expense (Benefit) below.
 - A \$30 million increase at APCo in deferred fuel related to recoverable PJM expenses that were offset below.
 - A \$10 million increase due to 2018 Virginia legislation which increased non-recoverable fuel expense at APCo in the prior year.
 - The effect of rate proceedings in AEP's service territories which included:
 - A \$112 million increase from rate proceedings at I&M, inclusive of a \$24 million decrease due to the impact of Tax Reform. This increase was partially offset in other expense items below.
 - A \$46 million increase at PSO due to new base rates implemented in April 2019 and March 2018.
 - A \$28 million increase at APCo and WPCo primarily due to revenue from rate riders in West Virginia. This increase was offset in other expense items below.

- A \$23 million increase related to rider revenues at I&M, primarily due to the timing of the Indiana PJM/OSS rider recovery. This increase was partially offset in other expense items below.
- A \$21 million increase at APCo and WPCo due to base rate increases in West Virginia implemented in March 2019.
- A \$20 million increase at SWEPCo primarily due to rider and base rate revenue increases in Louisiana and Texas. This increase was offset in other expense items below.
- A \$6 million decrease at I&M in fuel-related expenses due to timing of recovery for fuel and other variable production costs related to wholesale contracts.